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Governor's

Salute

to the Legislature

1992-93

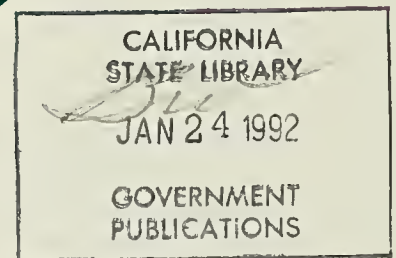


Pete Wilson

Pete Wilson
Governor
State of California




Governor's Budget Summary 1992-93



Submitted by
Pete Wilson
Governor
State of California
to the
California Legislature
1991 – 92 Regular Session

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PETE WILSON
GOVERNOR

State of California
GOVERNOR'S OFFICE

January 9, 1992



To the Senate and Assembly of the California Legislature:

My 1992–93 Governor's Budget is a call to action.

It is our responsibility to restore California's economic and social health and to act to avoid chronic state budget shortfalls. And it is our responsibility to do so without any new taxes that threaten to drive jobs out of California.

For too long, spending decisions that should have been made by elected officials have been determined instead by rigid formula. Escalating entitlement spending not only threatens, but has in fact begun, to crowd out vital funding for our schools, health care, higher education, preventive programs for children, and public safety.

Simply put, autopilot spending is running up a bill we can not afford.

Revenues are falling short of July's projections, and increased health and welfare caseloads are pushing expenditures far above the cost estimates used during our budget deliberations. Even if both the national and state economies rebound dramatically, the State faces increased long-term deficit spending caused by rapid population growth and a lack of flexibility in our budget process. In short, California's chronic budget shortfall problem—though severely aggravated by the worldwide recession—was not caused by recession, and will not be cured by recovery from the recession. What is required is a fundamental change in the way we do the public's business.

The people of California deserve better. They deserve decisive action from Sacramento. As taxpayers, they deserve and need an end to California's autopilot spending decisions—an end to abdication by elected officials who are supposed to be accountable to the people. That is why I am introducing legislation to provide the responsibility in the State budget process necessary to confront future fiscal crises. This legislation recognizes that our budget crisis is a reflection of a structural problem. The number of California's "tax receivers" are growing proportionally faster than the number of our taxpayers. The key to recovering California's financial solvency and strength is to end this imbalance.

California's long-term economic strength is also dependent on the creation of new jobs. We must stimulate job growth by improving the business climate. The level of taxation is a critical factor in California's ability to compete for jobs.

Finally, in all our efforts from economic policy to health care, we must continue to reduce the growth in State spending by shifting our emphasis from treating problems to preventing them from happening in the first place.

We must succeed in all these tasks. If we do not act this year, California's government will be forced to reduce spending on our most basic responsibilities: education, public safety, and prevention programs—programs that make the difference between success and failure, even life and death, for children in need.

The responsibility is ours, and the way is clear. I look forward to your responsible leadership in meeting these challenges in 1992.

Sincerely,

PETE WILSON

STATE OF CALIFORNIA

DEPARTMENT OF FINANCE

OFFICE OF THE DIRECTOR
STATE CAPITOL, ROOM 1145
SACRAMENTO, CA 95814-4998



January 9, 1992

Dear Governor:

As Director of Finance, I submit to you the 1992-93 Governor's Budget.

The decisions made in the development of this Budget were difficult. Given the fiscal impact of an international recession and population increases in California, they are decisions that are painful -- but necessary.

In the last year alone, California has added:

- 793,000 residents
- 211,000 public school students
- 88,500 community college students
- 493,000 Medi-Cal cases
- 90,000 Welfare (AFDC) cases

As pointed out in the Department of Finance's report, *California's Growing Taxpayer Squeeze*, "the changing relationship between the number of taxpayers and tax receivers is jeopardizing our ability to maintain funding levels for State programs." Ironically, during the 1990's even with healthy economic growth, the State will not be able to fund existing programs at current levels within projected tax revenues.

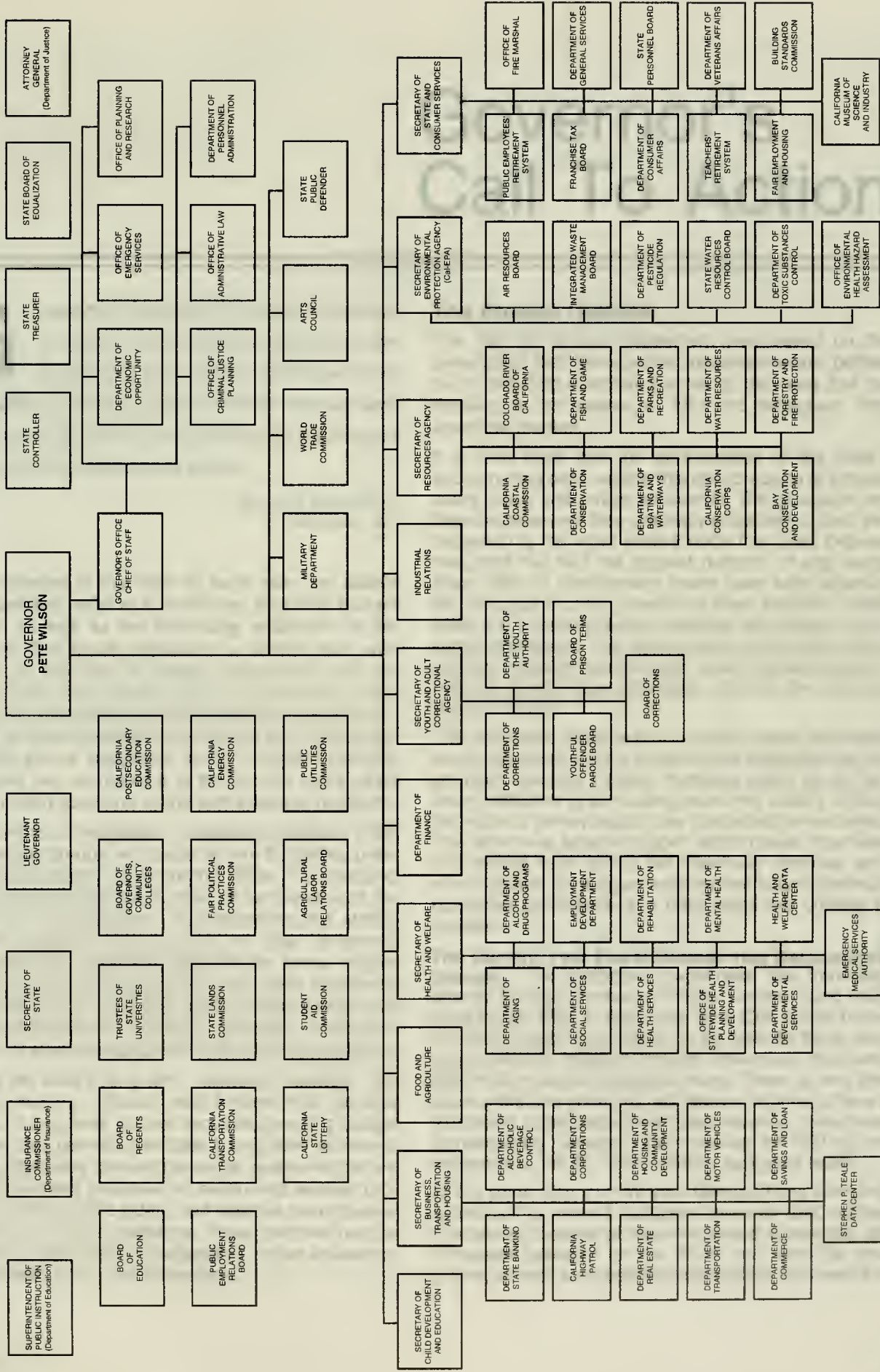
The 1992-93 Governor's Budget is balanced, which is required by the State Constitution, contains a small reserve for economic uncertainties and includes no new taxes.

While this was an extremely difficult Budget to develop, my job would have been much more difficult without the professional commitment from the staff in the Department of Finance. They truly are an outstanding group and I want to take this opportunity to thank each of them for their contribution.

Sincerely,

A handwritten signature in cursive script that reads "Thomas W. Hayes".
THOMAS W. HAYES
Director

CALIFORNIA STATE GOVERNMENT THE EXECUTIVE BRANCH



HOW THE EXECUTIVE BRANCH IMPROVES STATE GOVERNANCE

Governor's Call To Action

Government spending by autopilot threatens to bankrupt our taxpayers, crowd out vital funding for our schools, health care and public safety, and leave us with a shell of what we want California to be. Simply put, pushbutton spending is running up a bill we cannot afford.

Governor Pete Wilson
December 1991

At the midpoint of the 1991–92 fiscal year, the state's fiscal condition reflects a continuing structural budget problem as well as the continuing weakness of the economy. The global recession is deeper than was forecast in the 1991–92 Budget Agreement, and the recovery from the recession has not materialized. Revenues are substantially below projections, and expenditures for public assistance programs are running significantly above budgeted levels. Further spending reductions will be required in the current and budget years to bring spending in line with available revenues.

Continuing rapid increases in population, primarily in the younger age groups, will cause severe budgetary pressures for the state throughout the 1990s. The changing relationship between the number of taxpayers and the number of "tax receivers" is jeopardizing the state's ability to maintain funding levels for state programs. Competition for available funds will be fierce. Higher education, correctional programs, and state operations will be particularly vulnerable because they do not have the constitutional and statutory protection granted to most K–14 education and health and welfare programs.

Solving the state's long-term "taxpayer squeeze" will require making difficult and fundamental budget choices. A long-term solution requires choosing budget priorities that promote the state's long-term economic growth, effectively prevent the social problems that are driving spending increases in health and welfare programs, protect public safety, and improve the efficiency of state government operations. These priorities require the state to invest in K–12 education, higher education, state infrastructure, and corrections.

The Budget Outlook

The 1991–92 Budget Agreement was based on the assumption that the economic recession would bottom out in the third calendar quarter of 1991 and that the recovery in the balance of 1991 and throughout 1992 would be modest.

It is now clear that the performance of the state's economy has been weaker than the forecasts of virtually every public and private economist. The recession has been more severe than originally projected. In fact, this recession is the most severe since the Great Depression, and has had the longest duration of any slump since 1929–33. Employment losses have been substantial. Personal income growth has been stagnant. Retail sales are extremely weak, reflecting low levels of consumer confidence. The housing and construction industries are operating at recession levels. Weakening international activity has adversely affected the nation's export markets.

This pervasive weakness in virtually every economic sector suggests that the trough of the recession has not yet been reached. Federal monetary policy so far has been ineffective in stimulating economic activity. In fact, the nation's money supply has contracted in real terms. The enormous federal budget deficit makes it unlikely that federal fiscal policy will effectively stimulate economic growth. As long as employment losses continue, consumer confidence and retail sales are unlikely to recover.

The Current Year Fiscal Outlook Has Deteriorated Sharply.

The economy's weakness has translated directly to large revenue shortfalls. General Fund revenues for the 1990–91 fiscal year were \$334 million below the 1991 Budget Act forecast. In the 1991–92 fiscal year, actual revenue receipts through November 1991 were \$597 million below budgeted levels. There is very little chance that the economy will recover in time to have a significant impact on current year revenue collections. Consequently, General Fund revenues for 1991–92 are estimated to fall \$2.7 billion below budgeted levels.

At the same time, current year General Fund spending is forecast to exceed budgeted levels by \$350 million. The primary causes of these increased state costs are increased caseload for the AFDC and Medi-Cal programs, as well as substantial shortfalls in the receipt of

Table 1-1
Available General Fund Resources
1992-93

(Dollars in Millions)

Revenues and Transfers	\$45,673
Less:	
Pay Off 91-92 Deficit	1,344
Available Resources	\$44,329
Less Constitutional Requirements:	
Proposition 98	\$18,551
Debt Service	1,501
Homeowner's Exemption	362
State Mandates	54
Total	\$20,468
Resources Available for Non-Constitutional Programs	\$23,861
Non-Constitutional Expenditures, 1991-92	24,249
Change from 1991-92	
Amount	—\$388
Percent	—1.6

budgeted federal funds. This forecast assumes enactment of legislation to reduce current year spending on certain state programs. Expenditures could be higher still, given the outcome of a number of significant court cases.

Even with the immediate corrective actions proposed in this budget, the \$1.2 billion reserve established in the

1991-92 Budget Agreement will be depleted. The state is estimated to end the current fiscal year with a General Fund deficit of \$1.3 billion.

Budget Year Spending Growth Will Be Extremely Limited. The length and severity of the recession and the expectation of a modest recovery means that General Fund revenue growth will be substantially below the historic average. Budget year revenues are forecast at \$45.7 billion, an increase of \$2 billion, or 4.7 percent, above revised current year levels.

Table 1-1 shows that \$44.3 billion will be available for General Fund purposes in 1992-93, after paying off the 1991-92 deficit. Of this amount, \$20.5 billion will be dedicated for purposes required by the State Constitution. These include support of K-14 education services required by Proposition 98, payment of principal and interest on state general obligation bonds, reimbursement of local agencies for losses of property tax revenue resulting from the homeowner's exemption, and reimbursement of local agencies for state-mandated local programs. The remaining \$23.9 billion will be available for all other state General Fund programs. This is \$388 million, or 1.6 percent less than the amount spent on these programs in the current year.

At the same time that General Fund resources available for support of non-constitutional programs are decreasing, the demand for these services is increasing rapidly. Table 1-2 shows that caseload increases would require substantial increases in funding to maintain the same level of services for many state programs. Without revenue growth to support this caseload growth, the level of services provided in many of these programs must be reduced substantially in the budget year.

Table 1-2
Caseload Increases in
Major Non-Constitutional Programs
1992-93 Increase Above 1991-92
(General Fund)

(Dollars in Millions)

	<i>Recipients</i>	<i>Cost</i>
AFDC	176,185	\$280
SSI-SSP	72,100	224
Medi-Cal	302,200	592
University of California	2,700	17
California State University	2,600	17
State Prisons	5,400	77

Primary Features of the Governor's Budget for 1992–93

The Governor's Budget for 1992–93 continues to build on the long-term budget reforms enacted as part of the 1991–92 Budget Agreement. It is an 18-month reform plan beginning in January 1992 to restore the fiscal health of the State of California. It will ensure the long-term financial integrity of the state and local agencies on which our growing population depends. Toward these ends, the Governor's Budget has the following primary features:

- *It is balanced.*
- *It contains a reserve of \$105 million.* Recent experience has demonstrated that a prudent reserve is needed to protect the state from revenue shortfalls and increased expenditures. Providing a larger reserve in the budget year, however, would require tax increases or spending cuts that are deeper than those proposed. The Administration has concluded that such alternatives are less desirable than a smaller reserve. A larger reserve should be restored in the 1993–94 fiscal year.
- *It contains no tax increases.* California already has a high level of taxation. Furthermore, increased revenues alone cannot address the widening structural gap between expenditure growth and the growth in the state's revenue base.
- *It makes clear policy choices.* After many successive years of "unallocated" or "across-the-board" cuts, most state programs and departments have made substantial reductions in the level of services. Further reductions of this sort will simply reduce the effectiveness of remaining programs. Therefore, the 1992–93 Governor's Budget does not propose any unallocated reductions. Instead, spending reductions are targeted at lower-priority programs, which will experience substantial reductions in service. In some cases, programs will be eliminated altogether. In keeping with this principle, the budget proposes suspending the application of the so-called "trigger" legislation enacted in 1990.
- *It invests in education.* Children are the state's most important resource, and the key to our future economic well being. Consequently, the 1992–93 Governor's Budget fully funds the Proposition 98 minimum funding guarantee for K–14 programs. This will provide \$32.5 billion in total funds for K–14 programs, which is an increase of \$2.4 billion, or 8.1 percent, above current year expenditures. These new funds will support enrollment increases, newly enacted legislation, a number of new initiatives, and a general cost-of-living increase of 1.5 percent.
- *It invests in state infrastructure.* The state's future economic growth and competitiveness depend on substantial investment in public facilities, including

schools, colleges and universities, prisons, highways and mass transit facilities, water facilities, and parks, among others.

- *It invests in preventive government.* Preventing childhood illness, drug abuse and family disintegration are vital government responsibilities. Such preventive measures will help avoid costly future treatment of these problems at taxpayer expense, and will help ensure that young children are ready and able to learn when they enter school.
- *It invests in public safety.* In recent years, the number of dangerous felons incarcerated in the state's correctional facilities has increased sharply. This trend lessened somewhat in 1991, which has eased the financial burden placed on the state. The Administration will operate the state's correctional facilities in the most efficient manner possible, always maintaining the commitment to protecting the lives and property of our residents.

Building on Budget Reform: New Policy Initiatives

Promoting Children's Health. In 1991, the Governor proposed and the Legislature passed legislation which established the Access for Infants and Mothers (AIM) program. This important legislation expands Medi-Cal coverage for perinatal services to include women whose incomes do not exceed 250 percent of the federal poverty level.

The Governor's Budget for 1992–93 continues the Administration's emphasis on preventive government. The CheckUp: Early Access to Health Care for Kids program will promote access to basic and preventive health care services for all California preschoolers. Primary features of this proposal include:

- Coverage for children from birth through five years of age.
- Basic preventive and primary care services, including physician and clinic services, prescription drugs, dental services, and vision care.
- Delivery of services through cost-effective managed care health systems.
- State subsidies for premiums on a sliding fee schedule for families whose incomes do not exceed 300 percent of the federal poverty level.
- The program will be phased in over a period of several years, beginning with a 1992–93 funding level of \$20 million (General Fund).

Reforming Welfare: Moving From Dependency To Self-Sufficiency. With the enactment of legislation in 1991, the state took an important first step in reducing AFDC caseload growth, reducing welfare dependency, improving work incentives and opportunities for AFDC recipients, and improving access for medical services. The 1992–93 Budget continues this effort by proposing a

major restructuring of the AFDC program. The primary components of this initiative are:

- A 10 percent reduction in AFDC grants.
- Establishment of a two-tier transitional grant. After six months, families with an able-bodied adult continuing on aid would receive instead a basic aid grant 15 percent below the transition grant level.
- Establishment of a maximum family grant, to limit grants for recipients who become pregnant while on assistance.
- A new education incentive program, called Cal Learn, to encourage pregnant and parenting teens to complete their high school education.
- Repeal of all statutory cost-of-living adjustments (COLAs) and annual determination of grant levels based on available revenues and caseload growth.
- For families who have resided in the state for less than 12 months, limitation of their grants to the level provided in the state of prior residence.
- Establishment of new job club workshops for 70,000 AFDC recipients nearing the end of their transition grants, at a cost of \$30 million (\$15 million General Fund).
- Increased access for health care for poor working families, through the CheckUp: Early Access to Health Care for Kids proposal and from reform of health insurance underwriting practices.
- Expansion of child day care services for low-income families through implementation of recent state and federal legislation.

Education Initiatives. Although the recession has greatly limited state revenues, providing a quality education for California's children remains a high priority of the Administration. The 1992–93 Governor's Budget is predicated on the basis that our most important resources—our children—must be provided with high quality educational services, as well as adequate nutrition services, preschool services, and curriculum development.

Toward this end, the Governor's Budget proposes full implementation of the Proposition 98 minimum funding guarantee. This will provide sufficient funding for the following K–12 programs:

- *Enrollment Growth* — \$864 million is provided to fund statutory enrollment growth. This funding is needed in order to serve an additional 211,000 children entering the public schools in the budget year.
- *Cost-of-Living Adjustment* — \$325 million is included to provide a 1.5 percent COLA.
- *Supplemental Grants* — \$185 million is included for continuation of the supplemental grant program.
- *Preschool Services* — \$50 million in new funds is included for expansion of the Governor's preschool reform initiative. The Administration is committed to

the policy of making preschool available for every low-income four-year-old who needs it.

- *Healthy Start* — \$20 million in new funds is proposed for expansion of the Governor's Healthy Start initiative. This program provides funding to school districts to arrange local coordination and integration of health and social services, with an emphasis on prevention.
- *Early Mental Health Initiative* — New funding of \$10 million is proposed for the Early Mental Health Counseling program. This program is designed to provide mental health counseling to children, thus allowing detection and treatment of problems early in a child's life.
- *Computer Technology for Health Curriculum* — \$10 million in new funds is proposed to provide interactive video laser disc technology and associated curriculum materials to California schools. This curriculum will provide up-to-date, accurate and compelling health information and instruction, with an emphasis on AIDS education and substance abuse education.
- *Low-Performing Schools* — \$10 million is included to identify, assist and revitalize low-achieving schools, with the goal of improving student achievement.
- *School Restructuring* — \$28 million is proposed for grants to enable schools to plan the restructuring of their delivery of educational services. The goal of restructuring is to facilitate the delivery of instruction in a manner that makes school administrators accountable for student achievement, rather than for compliance with rules and procedures.
- *Assessment Reforms* — \$14 million in new funding is proposed for implementation of legislation which establishes a new statewide student assessment program to provide individual student scores for students in grades 4, 5, 8 and 10, as well as end-of-course exams for secondary students.
- *Summer School* — \$38 million in new funds is included for expansion of summer school services.

The Policy Challenge

The Need for Immediate Legislative Action. California's elected officials currently face an enormous challenge. They have an obligation to balance the budget in the midst of a severe recession, when revenues are insufficient to maintain existing services. At the same time, they are challenged to look beyond the state's immediate fiscal difficulties and to make policies and investments that are best for the state's long-term economic development and growth.

Early legislative action is the key to making these investments in the midst of a recession. The Governor's Budget for 1992–93 proposes substantial funding reductions beginning in the current year. This will require immediate legislative attention. Although these deci-

sions will not be easy, inaction will only compound the state's financial difficulties, making future decisions even more difficult.

The Need for Fundamental Policy Reforms Addressing the Growing Taxpayer Squeeze. California is a state in transition. In the past, the combination of a strong economy and a diverse population has allowed California to provide services to those in need at one of the highest levels in the nation. Today, and during the next few years, a rapid increase in population—and the composition of that population growth—is contributing to a growing imbalance between the demand for public services and the availability of tax revenue to fund those services.

Underlying the impact of the state's continuing population growth is a serious and widening mismatch between explosive growth of its younger population, who are the primary users of government services, and a slowdown in growth of its adult working age population who pay for those services. This growing gap between the number of taxpayers and the number of "tax receivers" will result in severe pressures on state and local government finances throughout the 1990s.

The state's elected officials must confront this new reality. Funding for many government services will be sharply reduced, as caseload increases in education, health and welfare programs will consume nearly all of the revenue growth that can be anticipated. This will require making fundamental policy choices about which public programs will best promote the state's long-term economic growth. The Governor's Budget for 1992–93 is consistent with the view that investment in K–14 and higher education, as well as preventive services, is best for the state's long-term economic health.

The Administration also will propose measures designed to strengthen the international competitiveness of California businesses. These proposals will be based in part on the recommendations presented by the recently-appointed Council on California Competitiveness.

The Need for Change in the State Budget Process.

While the fiscal problems facing the state have mounted in recent years, the budget process designed to address those problems has failed to deliver the performance demanded by the state's residents.

In the past fifteen years, only four budgets have been enacted on a timely basis. These unnecessary delays have produced widespread confusion and cynicism

among the state's residents and local agencies that depend on state funding and services, and have undermined public confidence in the state budget process.

More important, the annual budget process has become increasingly irrelevant in determining the appropriate level of spending for competing state programs. This is because the majority of spending is on "autopilot"; state entitlement programs receive a level of funding that is determined by formulas set in statute, beyond the influence of elected officials. The uncontrolled growth in entitlements has undermined the ability of elected officials to set budget priorities within the amount of revenues available.

To address this serious degradation of the budget process, the Administration will propose a legislative constitutional amendment for approval by the voters in the November 1992 general election. This proposal will:

- Require the Governor to submit a budget proposal to the Legislature on March 1 of each year, rather than January 10.
- Require the Legislature to pass a budget bill by June 15. If this deadline is not met, the members of the Legislature and the Governor would forfeit all salary and reimbursement for expenses until the budget bill is enacted.
- Allow the Governor to declare a fiscal emergency in the event the budget is not enacted by July 1. In such an event, the prior year budget would automatically become the state's operating budget until a budget bill is enacted. In order to bring revenues and expenditures into balance, the Governor would be empowered to propose spending reductions. These spending cuts would become effective in 30 days unless the Legislature passed and the Governor signed a budget bill.
- Allow the Governor to declare a fiscal emergency in the event there is at least a 3 percent imbalance between General Fund revenues and expenditures. In such an event, the Governor would be empowered to propose spending reductions. These spending cuts would become effective in 30 days unless the Legislature passed and the Governor signed alternative spending reduction legislation.

These budget reforms will help ensure enactment of a timely and balanced budget, and will provide substantial taxpayer protection against "autopilot" spending increases.

Figure 1-A

**General Fund Expenditures
1992-93**

(Dollars in Billions)

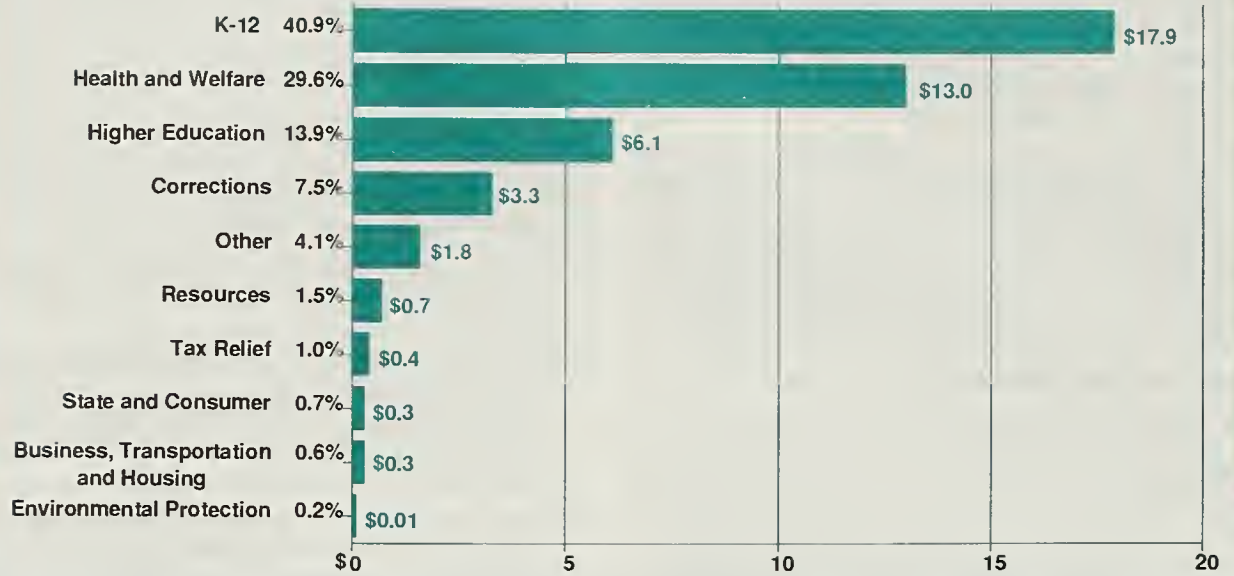


Table 1-3
1992-93 Fund Sources
(Dollars in Millions)

	<i>General Fund</i>	<i>Special Funds</i>
Personal Income Tax.....	\$19,522,000	\$3,006
Sales Tax.....	16,859,000	1,726,100
Bank & Corporation Tax	5,420,000	34,400
Highway Users Taxes.....		2,489,300
Motor Vehicle License Fees		4,650,668
Insurance Tax	1,217,000	
Estate Taxes	540,000	
Liquor Tax	313,200	
Tobacco Taxes.....	188,121	496,479
Horseracing Fees.....	87,000	28,243
Other	1,526,744	2,942,584
Total.....	\$45,673,065	\$12,370,780

Table 1-4
1992-93 Expenditures
By Fund
(Dollars in Millions)

<i>Function</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Bond Funds</i>	<i>Total</i>
Education (K-12).....	\$17,906	—\$2	\$1,633	\$19,537
Health and Welfare	12,957	2,958	—	15,915
Higher Education.....	6,099	427	377	6,903
Business, Transportation and Housing.....	271	4,038	1,039	5,348
Tax Relief	432	—	—	432
Local Government Subventions	7	3,106	5	3,118
Youth and Adult Corrections.	3,282	14	465	3,761
Resources	673	765	280	1,718
Environmental Protection	91	382	122	595
State and Consumer Services.....	301	353	1	655
Other	1,798	424	—	2,222
Total	\$43,817	\$12,464	\$3,923	\$60,204

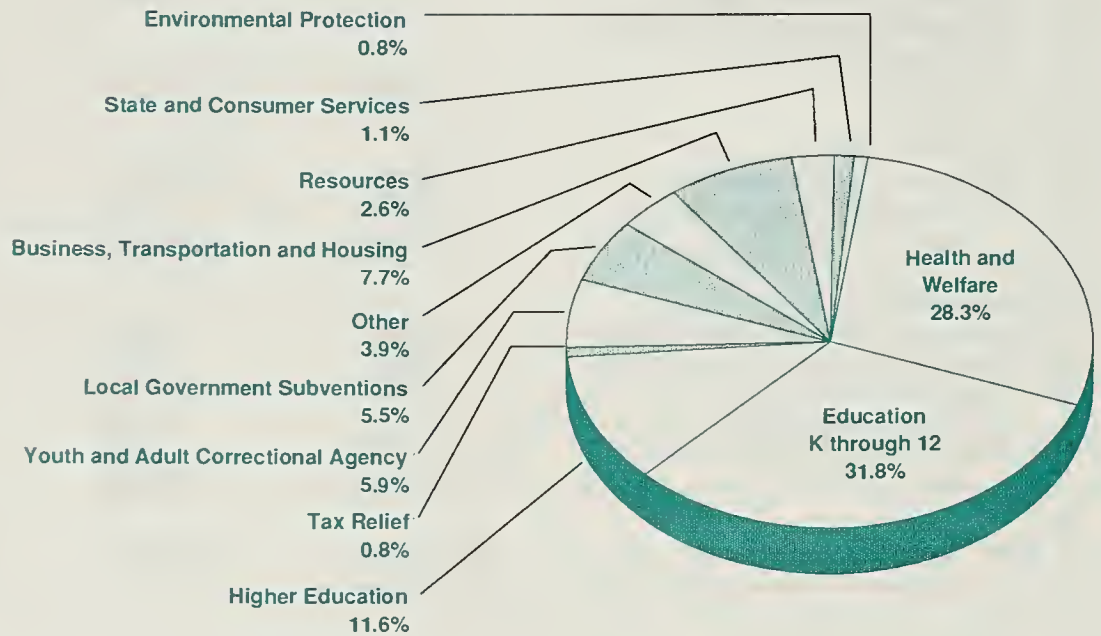
Table 1-5**Proposition 98 Guarantee Appropriations****(Dollars in Thousands)**

	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
K-12 Schools			
School Districts and County Offices of Education	\$13,334,286	\$16,177,466	\$16,157,440
School Facilities Aid Program	72,781	90,097	127,136
State Mandated Local Costs	119,872	174,770	256,185
Office of Criminal Justice Planning	26,470	26,470	26,470
Department of Mental Health	—	9,677	20,000
Commission on Teacher Credentialing	—	—	500
Student Aid Commission	—	—	500
Total.....	<u>\$13,553,409</u>	<u>\$16,478,480</u>	<u>\$16,588,231</u>
Community Colleges			
Community College Districts	\$1,698,392	\$1,685,768	\$1,864,318
State Mandated Local Costs	15,496	7,798	1,470
Total.....	<u>\$1,713,888</u>	<u>\$1,693,566</u>	<u>\$1,865,788</u>
State Agencies			
Department of Developmental Services	\$16,468	\$16,662	\$17,785
Department of the Youth Authority.....	29,551	32,644	33,570
State Special Schools	14,912	15,656	15,813
Employee Compensation	—	— 1,300	— 2,600
Indian Education Centers	1,530	1,530	1,530
Total.....	<u>\$62,461</u>	<u>\$65,192</u>	<u>\$66,098</u>
Total Proposition 98 Guarantee	\$15,329,758	\$18,237,238	\$18,520,117

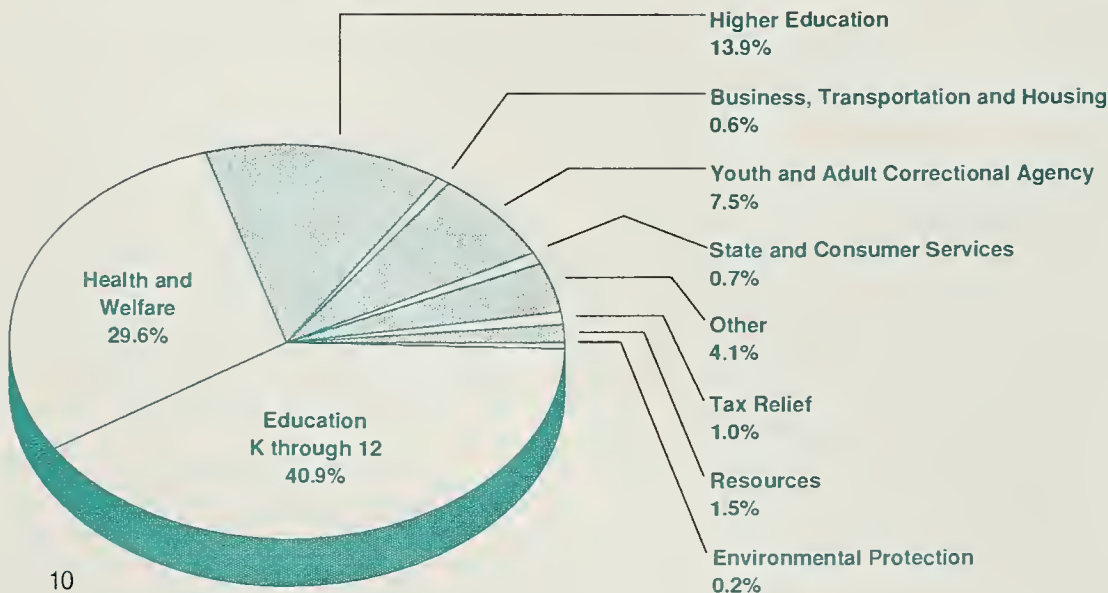
EXPENDITURES

1992-93 FISCAL YEAR

TOTAL EXPENDITURES (Excluding Selected Bond Funds)



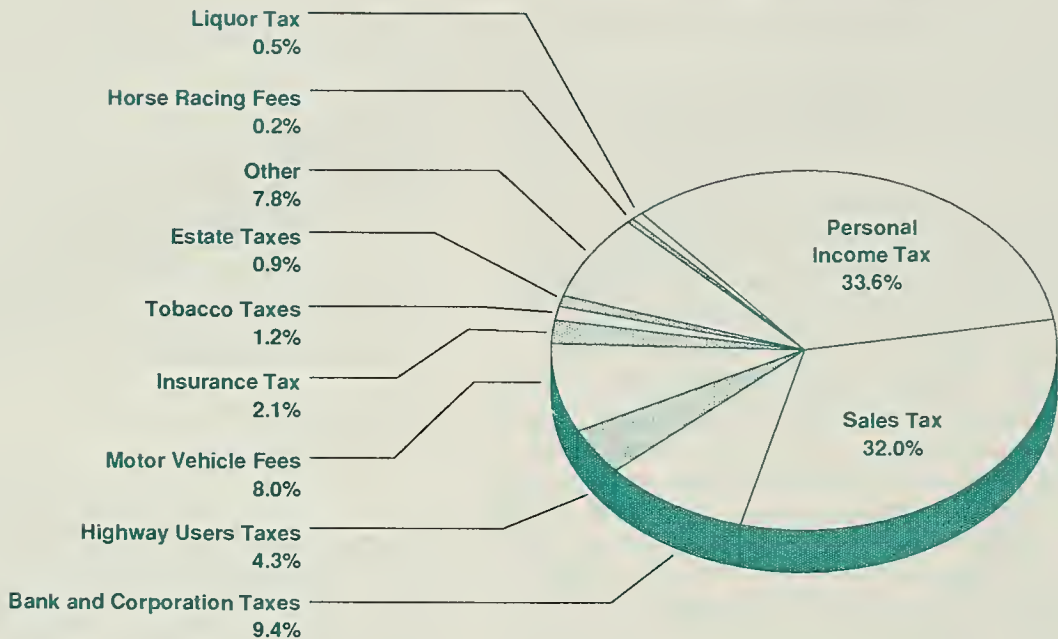
GENERAL FUND EXPENDITURES



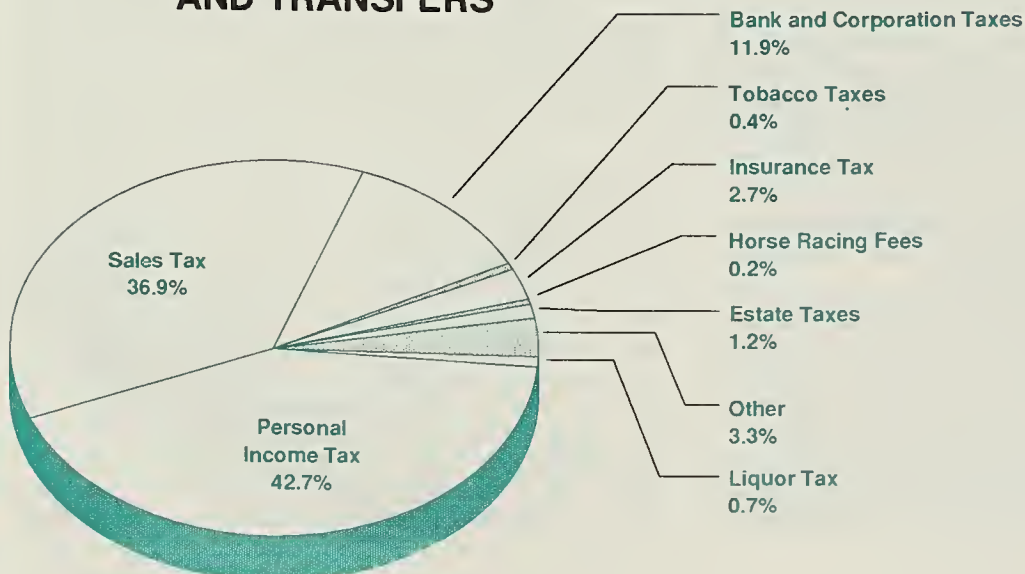
REVENUES

1992-93 FISCAL YEAR

TOTAL REVENUES AND TRANSFERS



GENERAL FUND REVENUES AND TRANSFERS



Economic Outlook

We can set a new course for California. Every Californian has a stake in making our state more competitive, in managing and shaping the growth that will continue to come to California. This isn't merely a business issue, it's a people issue. It's really about jobs, about our families and about the kind of state we want for our children.

Governor Pete Wilson
September 1991

National Economy

The degree of uncertainty about the current economy complicated preparation of the economic forecast for the Governor's Budget. The 1990-92 recession has already continued for 18 months, making it the longest slump since 1929-33. Pervasive weakness across virtually all sectors suggests that the trough has yet to be reached. It is easy to point out factors which will deter recovery. Identifying elements likely to stimulate an upturn is much more difficult.

Nevertheless, recovery often develops despite a lack of clear indicators on the upside. The forecast underlying the revenue estimates for the 1992-93 Governor's Budget assumed interest rate cuts would eventually stimulate homebuilding, business investment and, finally, consumer purchases of big ticket items. Recovery is expected to be underway by the second half of 1992, with 1993 showing steady gains even if moderate in comparison with prior recovery periods.

The snapback in business activity seen in the second quarter of 1991 appears in retrospect to have been a reaction to the dramatic slowdown in the first quarter when the Persian Gulf war was underway. By mid-summer that resurgence was exhausted, and the economy began to slip again. One of the most serious signs was the precipitous falloff in consumer confidence. This development was reflected in anemic Christmas sales. Auto sales and housing activity remain depressed. Business investment in productive equipment is still weak. Spending for nonresidential structures, already in oversupply, continues soft. Net exports are being held in check by weakening economic conditions in other

industrialized countries. Even government spending is held down, with the rising federal deficit and revenue shortfalls at all levels.

Efforts to jump start the economy have so far been unsuccessful. The Federal Reserve, for instance, has lowered interest rates to levels last seen in the early 1960s. The effect on economic activity, however, has so far been minimal. The money supply is still shrinking in real terms, effectively precluding significant improvement in business activity until the second half of 1992.

Problems in reporting economic data undoubtedly contributed to the Fed's reluctance to ease more rapidly. The process of collecting economic data works well in ordinary years when steady growth is taking place. Periods of prolonged recession invalidate usual methods, however. At the present time, for instance, data from payroll reports collected by all the states indicate that the ongoing monthly survey of employers is *over*-estimating employment by more than 2 million. Estimates of wages and salaries are similarly overstated. Actual information on both employment and income will not be incorporated in national data until next summer, however. When it is, it will become apparent that the current recession is the most severe since the 1930s.

The current forecast was based on official data available through mid-November. In December the U.S. Department of Commerce released a comprehensive revision and benchmark of the national income accounts. In addition, gross national product, the broadest measure of current economic activity in the nation, was replaced by gross *domestic* product as the primary indicator. The base year for the implicit price deflators was updated from 1982 to 1987.

The national forecast given here is therefore shown in percentage change terms only, since actual values are meaningless given the December revisions.

The recovery forecast for this budget will be one of the most anemic on record, reflecting ongoing problems in a number of areas. It has been assumed, however, that a gradual restoration of both consumer and business confidence will lead to an upturn in spending which will be reflected gradually throughout the economy. The critical variables will be new car sales, housing, employment and income. None of these is expected to see more than modest improvement in the coming year. The 1991

gains in U.S. personal income on the pre-revision basis would have been the smallest since 1958. Not until 1993 will income growth return to a more or less "normal" rate.

A Likely Alternative. Persistent weakness in the economy raises the specter that recovery may be delayed until early 1993. A persuasive argument can be made for this alternative. An upturn is unlikely to start while employment is shrinking. Reversing the downtrend in jobs still underway may prove difficult, however, given ongoing efforts of business to downsize and thereby increase operating efficiencies. Expansion plans of small business are being held up by tight credit conditions, due at least in part to stringent reviews of lending institutions by federal regulators to ensure that balance sheets accurately reflect financial strength.

Still-declining employment, sluggish growth in income and low levels of consumer confidence will combine to hold back purchases of big ticket items such as new cars, and delay commitments to new houses. Other retail sales will be similarly affected.

Business investment will be constrained on two fronts. Equipment purchases are likely to be deferred until the economy shows signs of sustained recovery. The export market, previously looked to as a source for renewed demand, now appears to be weakening as major trading partners cope with economic slowdowns or recessions of their own. Investment in nonresidential structures is expected to remain low for several years while the supply of existing space from the investment surge of the late 1980s is worked off.

Government spending cannot be counted on to support the economy. The size of the federal deficit will preclude any significant fiscal stimulus on a national level. Most

states and many local entities are dealing with severe disparities between revenues and expenditures and are likely to shrink moderately in coming quarters.

This alternative would produce another year of down employment and only minimal income gains, and a gross domestic product that would be flat at best. Whether described as ongoing recession or stagnation, this possibility has a high chance of occurring, effectively delaying the start of recovery for at least another year.

The California Economy

California is in the midst of what is certain to be recorded as the longest and deepest recession since the 1930s. This downturn, which began in July, 1990 had completed 18 months by the end of last year, already making it the longest in the state's post World War II history. Nearly 600,000 nonfarm jobs have been lost since the mid-1990 peak, and by the end of last year employment was running 4 percent below the year earlier level. In percentage terms, job losses are the most severe since the 1945 reconversion from a wartime to peacetime economy.

Personal income in the third quarter of last year was running only 1 percent above the comparable 1990 pace, and the full year increase will probably be the smallest since 1938, when incomes declined by 1 percent. In the third quarter, year-over-year income growth was limited to government transfer payments which more than offset declines in income from private sources. Taxable sales appear to have fallen by more than 5 percent (on a comparable basis), also the worst performance since 1938's 6 percent drop.

Like the nation, California experienced a brief rebound in economic activity in the months immediately following

Figure 2-A

California Nonagricultural Employment (Workers in Thousands)

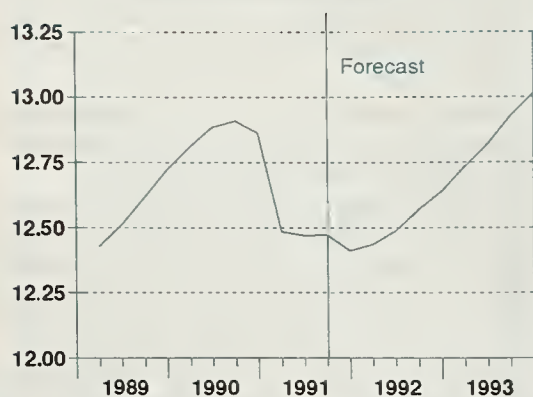
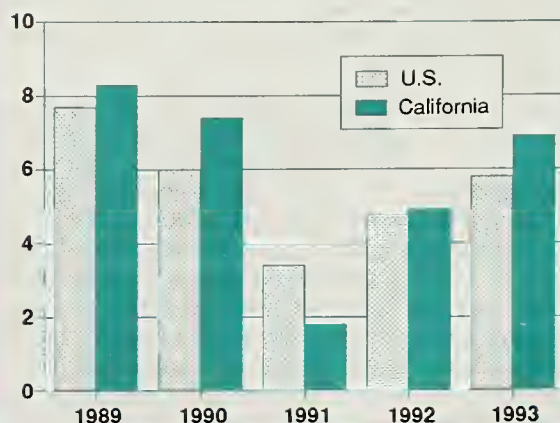


Figure 2-B

Growth in Personal Income (Percent Change)



the end of the Gulf War. However, the recession intensified in the latter months of the year, with a loss of more than 100,000 jobs between August and November. Homebuilding activity reached a new recession low in October, and existing home sales also gave up virtually all the post-Desert Storm gains during the summer and early fall.

California data on employment, income and sales are based on the most recent available tax records and are not comparable to national statistics on employment, income and output, which are based mainly on survey results. Payroll tax records from most large states indicate a much deeper recession than is now reflected in official Federal data. These payroll and other tax records will not be incorporated into the national economic statistics until the middle of this year.

The California forecast on which the 1992-93 Governor's Budget is based contemplates a mild recovery beginning in the early part of this year. However, data received since this forecast was prepared last November suggest that the upturn could well be delayed for at least several

months. In particular, downward revisions in employment, the renewed slide in homebuilding and sales, and the persistent weakness in retail buying offer little evidence of any near-term pickup in activity.

Even assuming the recovery is underway in the next month or two, gains in employment and income are expected to be among the weakest of any post-World War II upturn. Employment this year would grow by only $\frac{1}{2}$ percent and income by less than 5 percent. Even in 1993, growth is likely to be less robust than during the 1980s expansion. Slow labor force growth—resulting from the low birthrates of the 1970s—will limit gains in employment to 3 percent or less, while incomes are projected to increase by less than 7 percent.

Any delay in the recovery would result in even lower growth rates of employment and income. Should the recession persist through mid-year, employment in 1992 could easily post another decline of 2 percent or more, while income gains would again be in the 1 to 2 percent range.

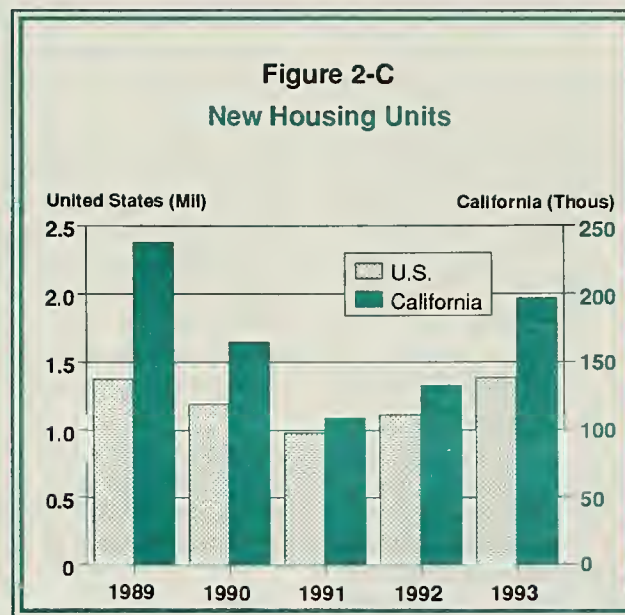


Table 2-1

Selected Economic Data, 1992 and 1993

(Dollars in Billions)

Forecast does not reflect benchmark revision of national income accounts.

	1992	1993
UNITED STATES		
Real gross national product (1982 \$), (Percent change).....	1.5	2.7
Personal consumption expenditures, (Percent change).....	1.8	2.5
Gross private domestic investment, (Percent change).....	4.6	9.5
Government purchases of goods and services, (Percent change).....	-0.9	-0.1
GNP Deflator (1982 = 100), (Percent change).....	2.8	3.4
GNP (current \$), (Percent change).....	4.3	6.1
Personal income, (Percent change).....	4.8	5.8
Corporate profits before taxes, (Percent change).....	-1.5	22.8
Wage and salary employment, (Thousands).....	110,109	111,862
Percent change.....	1.0	1.6
Unemployment rate, (Percent).....	6.7	6.2
Housing starts (Thousands).....	1,113	1,381
Percent change.....	13.1	24.2
New car sales (Millions).....	8.8	10.2
Percent change.....	5.5	15.5
Consumer price index (1982-84 = 100).....	141.2	146.1
Percent change.....	3.6	3.5
CALIFORNIA		
Civilian labor force (Thousands).....	15,071	15,350
Percent change.....	1.6	1.8
Civilian employment (Thousands).....	13,921	14,326
Percent change.....	1.7	2.9
Unemployment (Thousands).....	1,151	1,024
Percent change.....	1.4	-11.0
Unemployment rate (Percent).....	7.6	6.7
Wage and salary employment (Thousands).....	12,532	12,874
Percent change.....	0.6	2.7
Personal income.....	\$661.5	\$707.0
Percent change.....	4.9	6.9
Housing units authorized (Thousands).....	133	197
Percent change.....	21.4	48.6
Corporate profits before taxes.....	\$54.8	\$59.3
Percent change.....	9.7	8.1
New auto registrations (Thousands).....	1,380	1,495
Percent change.....	4.9	8.3
Total taxable sales.....	\$291.2	\$322.4
Percent change.....	7.9	10.7
Consumer price index (1982-84 = 100).....	146.6	152.0
Percent change.....	4.2	3.7

Note: Percentage changes calculated from unrounded data.

Revenue Estimates

We must balance our budget without raising taxes. We cannot afford to drive small businesses out of California through excessive taxation. The people of California deserve immediate action.

Governor Pete Wilson
December 1991

General Fund revenues over the next 18 months are expected to be significantly below the 1991–92 Budget Act forecast. By the end of this fiscal year, revenues are expected to be down \$2.7 billion. Revenue growth for the budget year is expected to be up \$2.0 billion (4.7 percent) after adjusting for the 1991–92 tax changes and the year-end accrual which added \$1.7 billion to the 1991–92 revenues. After adjusting for recent tax increases and change in accrual accounting, as shown in Table 3-1, 1992–93 revenue growth is forecast to be 9.3 percent. This is well below the historical average that the state has experienced during a recovery year. For the period 1969–70 through 1990–91, the average annual increase in the General Fund was 10.9 percent. For the next five years, revenue growth is only expected to average 5.7 percent.

When the impact of prior and current year revenue legislation is removed, revenues from 1989–90 through 1991–92 will be down over \$1 billion. This reflects a very serious situation that California has not experienced since the 1930s.

The long-term revenue growth will be lower than previous recovery periods since the economic rebound is expected to be sluggish. Other factors that will restrict revenue growth in 1993–94 include the expiration of the ½ cent sales tax at the end of 1992–93 and the provision that again allows the deduction of net operating losses starting in 1993–1994.

There is considerable uncertainty as to the depth and length of this recession. Some economists believe that when the recovery comes it will be moderate, unlike most past recoveries. It is therefore reasonable to provide a range of up 3 percent to down 8 percent (+\$3 billion to –\$7 billion) for the current and budget years.

Overall, General Fund revenues and transfers represent about 80 percent of the total revenues. The remaining 20 percent are special funds that are dedicated to specific purposes. About 58 percent of special funds are related to the operation of motor vehicles, and are dedicated to transportation functions.

Legislation in 1990 added \$633 million in General Fund revenue for 1990–91, \$527 million for 1991–92 and \$363 million for 1992–93. Legislation in 1991 added \$6.5 billion in General Fund revenue for 1991–92 and \$5.1 billion for 1992–93. Therefore, over the past two years, between \$6 and \$7 billion in new General Fund revenue legislation has been enacted. These changes are listed in Table 3-1. The 1991–92 revenue increases were the largest in California history.

Because there have been major revenue increases enacted in the past and current years and the state's tax burden has increased significantly, the 1992–93 Governor's Budget does not include any new tax increase proposals. However, we are proposing to repeal the small business health care tax credit which has not yet been implemented since it is scheduled to begin in 1993. The first-year savings is estimated to be about \$110 million during 1992–93.

General Fund

Personal Income Tax—\$19,522,000,000

The California personal income tax, which contributes over 40 percent of all General Fund revenues, is closely modeled after the federal income tax law. It is imposed on net taxable income, that is, gross income less exclusions and deductions. The tax is progressive with rates ranging from 1 to 11 percent. Personal, dependent and other credits are allowed against the gross tax liability.

In addition, taxpayers may be subject to an alternative minimum tax (AMT), which is much like the federal AMT. This is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below some minimum level. The AMT is equal to 8.5 percent of the alternative minimum taxable income that exceeds an exemption amount.

The personal income tax is adjusted annually by the change in the consumer price index to prevent taxpayers from being pushed into higher tax brackets without a real increase in income.

Table 3-1
General Fund Revenues
Enacted During 1990 and 1991 *

(Dollars in Millions)

<i>Year Enacted/Revenue</i>	<i>FY 90-91</i>	<i>FY 91-92</i>	<i>FY 92-93</i>
1990			
Personal Income Tax	\$77	\$86	\$96
Bank & Corporation Tax	522	385	211
Sales & Use Tax	25	50	50
Other	9	6	6
Total - 1990	\$633	\$527	\$363
1991			
Personal Income Tax	—	\$1,531	\$1,156
Bank & Corporation Tax	—	200	382
Sales & Use Tax	—	2,548	2,777
Accruals	—	1,690	173
Other	—	499	571
Total - 1991	—	\$6,468	\$5,059

* In addition, local and special fund revenues were increased by over \$2 billion during FY 91-92; \$712 million from vehicle license fees, \$1.35 billion from a ½ cent sales tax increase, and \$150 million from the sales tax base expansion.

reform have ranged from a positive 61 percent to a negative four percent, with an annual average increase of almost 18 percent. Realization of gains has been even more erratic since tax reform eliminated the exclusion previously allowed capital gains. Sales of capital assets were up nearly 67 percent in 1986 and down over 55 percent in 1987. Now, due to the full taxation of gains and the rapid appreciation of assets during the 1980s, capital gains have become a much larger proportion of the personal income tax base. Thus, sales of capital assets have been a significant contributor to the fluctuations of personal income tax revenue over the last few years and will contribute to increased volatility in the future.

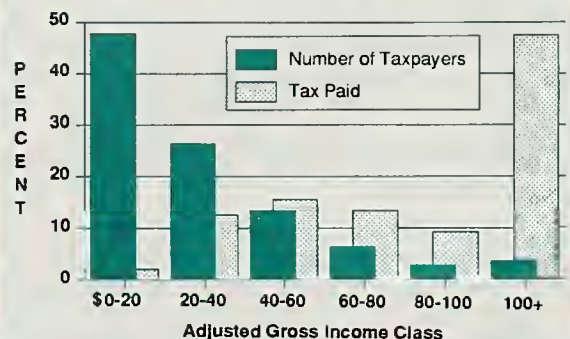
The income component of the economic forecast forms the basis for the personal income tax forecast. Capital gains income, which is not part of the national income accounts, is forecast separately using general economic activity and stock market trends. Real estate activity in the state is also used as a guide.

The difficulty of forecasting personal income tax receipts is enhanced by the progressive nature of the tax. One dollar of income on a high income tax return can generate 11 times the revenue from a dollar on a low income return. In addition, very high income taxpayers usually have a great deal of discretion over the realization of income and the timing of deductions. Thus, substantial changes in the portfolios or tax planning of relatively few taxpayers can have a dramatic impact on state revenues. In 1989, for example, the top three percent of state taxpayers, those with adjusted gross incomes of over \$100,000, paid 47 percent of the personal income tax. This is demonstrated in Figure 3-A, which displays the percent of total returns and tax paid by adjusted gross income class. Legislation enacted in 1991, which raised tax rates and reduced deductions and credits for high income persons, will push the proportion of tax paid by those over \$100,000 even higher.

Personal income tax revenue forecasting has also been greatly complicated by federal and state tax changes which made capital gains fully taxable. Capital gains have always been an extremely volatile revenue source; holders of capital assets are predominantly very high income taxpayers, subject to the maximum tax rate, who can time the realization of gains and, hence, the payment of tax, to their own advantage. Year-to-year growth rates in capital gains over the ten-year period prior to tax

Personal income tax revenues have been abnormally weak since 1989-90. Revenues actually declined by \$52 million in 1990-91 from the year-earlier level. In addition, if the tax law had not been revised in order to generate additional revenue, 1991-92 receipts would be an estimated \$400 million less than

Figure 3-A
Percent of Total Taxpayers and Total Tax
by Adjusted Gross Income Class
1989 Data
(Dollars in Thousands)



1990–91. This is largely a reflection of the depressed economic conditions. In real terms, the taxable components of personal income were up only 1.4 percent in 1990 and declined by 3.4 percent in 1991. During the 1980s the average annual increase in real income was about 3.5 percent. Layoffs, wage cuts, interest income declines, profit and dividend reductions, and asset deflation all have depressed receipts during the last two years.

However, in addition to these cyclical factors, revenue growth has also been hurt by the rapid increase in the value of personal income tax deductions in recent years. In particular, rapidly escalating home prices have pushed mortgage interest and property tax deductions up dramatically. In total, itemized deductions climbed almost 20 percent in 1989, despite a reduced level of consumer interest payments that could be claimed.

The realization of capital gains has also been a significant contributor to this weakness. Gains in 1990 appear to have been 20 percent below year-earlier levels as the recession hit the California real estate market and the stock market weakened. This level of capital asset sales is 23 percent below the 1985 level, which was the last normal year before tax reform. Gains in 1991 are expected to remain at the depressed 1990 level, for although the stock market has been very strong, real estate continues to be a negative. In addition, federal proposals to reintroduce preferential tax treatment for capital gains may induce some taxpayers to delay selling assets in hopes of paying lower taxes in the future. As the economy begins to improve in 1992, realizations should show a rebound of 15 percent, followed by a ten percent increase in 1993.

Overall, personal income tax revenues in 1992–93 are expected to increase 7.7 percent from the current year levels assuming the economic recovery gets underway in mid-1992. Adjustments for legislation chaptered in 1991 include the following:

- Two new income tax brackets with ten and eleven percent rates were added; the use of net operating losses was suspended for two years; the withholding rate on supplemental wage payments was increased to six percent; estimated payments were required for estates and trusts; and itemized deductions and personal exemption credits were reduced for high-income persons. In addition, the bill extends the sunset date on the use of net operating losses and the research and development credit. This legislation is expected to increase revenue by \$1.5 billion in the current year and \$1.2 billion in the budget year.
- The state's revenue accrual procedures were revised to bring them more closely in line with new standards proposed by the accounting profession. This is estimated to raise the year-end accrual by \$140 million in 1991–92, and \$100 million in 1992–93.

- Operation of the tax credit for employer-sponsored child care programs was extended. This will reduce personal income tax revenue in 1992–93 by one million dollars.

In addition, the forecast has been increased for the following proposals:

- The 1992–93 Budget proposes additional audit and collections resources for the Franchise Tax Board, which should generate \$22 million in the current year and \$98 million in the budget year.
- The forecast also includes \$44 million in 1992–93 for the proposed repeal of the credit that was scheduled to start in 1993 for small firms that provide health insurance for their employees.

Forecast revenues for the current and budget years, compared with actual collections in 1990–91, are:

(Dollars in Millions)	
1990–91 (Actual)	\$16,849
1991–92 (Forecast)	18,133
1992–93 (Forecast)	19,522

Sales Tax—\$16,859,000,000.

The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas, electricity and water, thereby making the tax relatively progressive. In addition, other exemptions provide relief for a variety of sales ranging from custom computer programs to aircraft.

Legislation was enacted in 1991 which expanded the sales tax base by removing the sales tax exemptions for candy, snack foods, newspapers, periodicals, common carrier fuel and bottled water. In addition, this legislation increased the state sales tax rate by .75 percent, with an additional .50 percent rate for program realignment.

The breakdown of the 7.25 percent rate currently imposed is:

- 5.50 percent state tax rate (General Fund)—This rate will be reduced to 5 percent effective July 1, 1992, January 1, 1993, or July 1, 1993, depending on the surplus level established in the enabling legislation.
The rate could be further reduced by an additional .25 percent beginning January 1, 1994, and each January 1 thereafter, if specified conditions are met. This .25 percent rate could be subsequently reinstated if it is determined that the reserve will not exceed four percent of General Fund revenues.
- .50 percent state tax rate (Local Revenue Fund)—Revenue from this tax is dedicated to local governments for program realignment.
- 1.25 percent local tax rate—This tax is imposed by cities and counties pursuant to the Uniform Local Sales and Use Tax Law. Of the 1.25 percent rate, .25

Table 3-2**Combined State and Local Sales and Use Tax Rates by County
Effective July 15, 1991**

<i>County</i>	<i>Tax Rate (Percent)</i>	<i>County</i>	<i>Tax Rate (Percent)</i>	<i>County</i>	<i>Tax Rate (Percent)</i>
Alameda	8.25	Marin	7.25	San Mateo	8.25
Alpine	7.25	Mariposa	7.25	Santa Barbara	7.75
Amador	7.25	Mendocino	7.25	Santa Clara	8.25
Butte	7.25	Merced	7.25	Santa Cruz	8.25
Calaveras	7.25	Modoc	7.25	Shasta	7.25
Colusa	7.25	Mono	7.25	Sierra	7.25
Contra Costa	8.25	Monterey	7.75	Siskiyou	7.25
Del Norte	7.25	Napa	7.25	Solano	7.25
El Dorado	7.25	Nevada	7.25	Sonoma	7.50
Fresno	7.75	Orange	7.75	Stanislaus	7.25
Glenn	7.25	Placer	7.25	Sutter	7.25
Humboldt	7.25	Plumas	7.25	Tehama	7.25
Imperial	7.75	Riverside	7.75	Trinity	7.25
Inyo	7.75	Sacramento	7.75	Tulare	7.25
Kern	7.25	San Benito	7.75	Tuolumne	7.25
Kings	7.25	San Bernardino	7.75	Ventura	7.25
Lake	7.25	San Diego	8.25	Yolo	7.25
Lassen	7.25	San Francisco	8.25 ^a	Yuba	7.25
Los Angeles	8.25	San Joaquin	7.75		
Madera	7.75	San Luis Obispo	7.25		

^a This rate will increase to 8.50 percent effective February 1, 1992.

percent is dedicated for county transportation purposes and one percent is for city and county general purpose use.

In addition to the above, the Transactions and Use Tax Law authorizes any county board of supervisors to impose a transactions (sales) and use tax if the ordinance or resolution proposing that tax is approved by a two-thirds vote thereof and a majority of the electors. This tax is authorized to be imposed in increments of .25 percent with a 1 percent combined rate maximum for any county, with the exception of San Mateo and San Francisco Counties, and is authorized for either general or special purpose use.

In 1991 legislation was enacted which increased this limit by .50 percent for San Mateo County and .25 percent for San Francisco County, provided that the additional increments are imposed for the support of public elementary and secondary education. Thus, the maximum combined tax rate is currently limited to 8.75 percent for San Mateo County, 8.50 percent for San Francisco County and 8.25 for all other counties.

Legislation enacted during the First Extraordinary Session authorizes all counties to impose an additional .50 percent transactions and use tax for the purpose of financing local drug and crime prevention, public edu-

cation or health care services. However, this tax is not authorized to become operative prior to the expiration of the temporary .50 percent state tax rate, thereby maintaining the existing maximum combined tax rate levels.

Additional legislation was enacted to provide .50 percent transactions and use tax authority for the City of Calexico for the purpose of funding the Heffernan Memorial Hospital District. This is the only city that has been granted such authority, all other transactions and use taxes are limited to county boundaries. A summary of the combined state and local tax rates by county is contained in Table 3-2. The recent *Rider* decision in San Diego County creates a question concerning the local vote requirements for all of the local add-on taxes.

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, new car sales, employment and inflation. A summary of the forecast is presented in Table 3-3.

Taxable sales have performed significantly below what would be expected based on the economic data since the second quarter of calendar year 1990. Based on cash receipts through early December, this weakness has continued and there is no sign that the recovery is underway.

Table 3-3
Taxable Sales in California
(Dollars in Millions)

	<i>1990 Actual</i>	<i>1991 Forecast</i>	<i>1992 Forecast</i>	<i>1993 Forecast</i>
Motor vehicle dealers, auto repairs and parts, etc.....	\$43,325	\$37,260	\$40,160	\$46,690
Percent change.....	-1.8%	-14.0%	7.8%	16.3%
Producers and refiners of petroleum, service stations, etc.....	\$19,578	\$17,290	\$17,630	\$18,950
Percent change.....	12.4%	-11.7%	2.0%	7.5%
Building materials including contractors.....	\$28,328	\$24,500	\$26,560	\$31,240
Percent change.....	-1.7%	-13.5%	8.4%	17.6%
Manufacturing and services.....	\$54,540	\$52,540	\$55,120	\$60,150
Percent change.....	6.0%	-3.7%	4.9%	9.1%
All other retail stores.....	\$136,063	\$134,750	\$142,040	\$155,060
Percent change.....	2.4%	-1.0%	5.4%	9.2%
Total Taxable Sales.....	\$281,834	\$266,340	\$281,510	\$312,090
Percent change.....	3.6%	-5.5%	5.7%	10.9%
Base Expansion	-	\$3,710	\$9,740	\$10,320
Adjusted Total Taxable Sales.....	\$281,834	\$270,050	\$291,250	\$322,410
Percent change.....	3.6%	-4.2%	7.9%	10.7%

* Chapters 85 and 88, Statutes of 1991, repealed the exemptions for candy, snack foods, bottled water, newspapers, periodicals, and common carrier fuel effective July 15, 1991.

On a year-over-year basis, sales during the first half of calendar year 1991 were down 4.9 percent. Of particular concern were motor vehicle and building material sales, which combined, represent over 25 percent of the tax base (See Figure 3-B). For the same time period, these sectors declined 14 and 15.7 percent, respectively.

While detail for the third quarter is not yet available, sales appear to have declined 4 percent from the prior year based on cash receipts. It is important to note that this shortfall includes the impact of the expansion of the tax base to candy, snacks, etc., effective July 15, 1991. Without that expansion, sales would be down in the range of 6 percent. Based on the first prepayment cash, the fourth quarter appears to be comparably weak. Figure 3-C clearly illustrates this weakness, where taxable sales growth in constant dollars for the first and second quarter of 1991 declined 9 and 8 percent, respectively, on a year-over-year basis.

The estimate assumes that this weakness will continue through the first quarter of 1992, followed by a rather typical recovery. Clearly, there is a downside risk with this scenario if the recovery is delayed.

Figure 3-B

**1990 Taxable Sales
by Major Component**

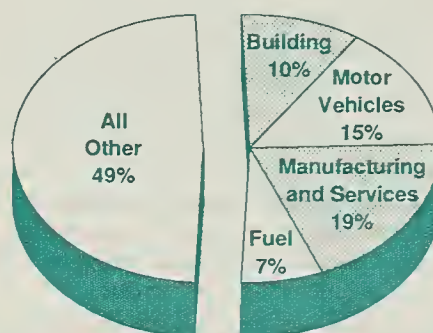
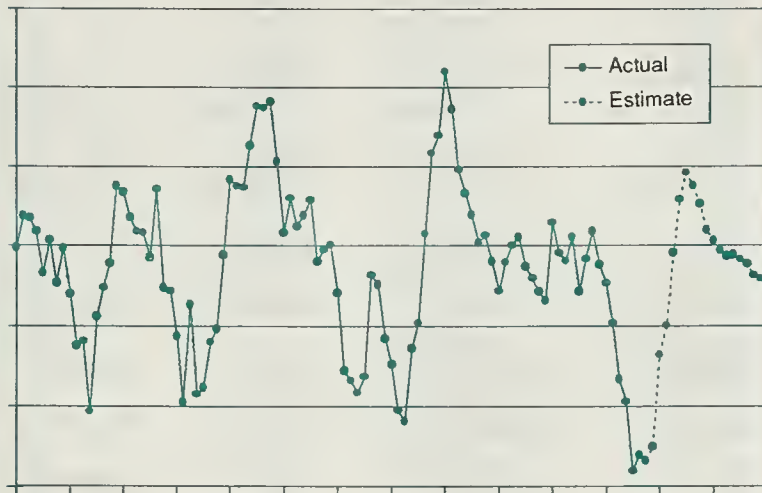


Figure 3-C
Taxable Sales in California
 (Annual Percent Change in Constant Dollars)



this trigger mechanism and as a result, this temporary .50 percent rate will continue for the full two-year period. It is also assumed that the .25 percent trigger mechanism will not be activated throughout the forecast period.

The Budget proposes providing additional resources to the Board of Equalization for enhanced audit and collection activity. This is expected to generate \$10 million in the current year and \$37 million in the budget year.

General Fund revenues for the current and budget years, compared with actual collections in 1990-91, are:

(Dollars in Millions)	
1990-91 (Actual)	\$13,303
1991-92 (Forecast)	16,188
1992-93 (Forecast)	16,859

Bank and Corporation Tax—\$5,420,000,000

Bank and corporation tax revenues are actually derived from four taxes:

- The franchise tax and the corporate income tax are levied at a 9.3 percent rate on profits. The former is imposed on corporations for the privilege of doing business in California, while the latter is imposed on corporations which do not do business in the state but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies.
- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all state and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is 1.44 percent.
- The alternate minimum tax is similar to that in federal law. This tax is imposed at a rate of 7 percent beginning with the 1988 tax year. In prior years, California imposed a tax on preference income.
- A minimum franchise tax of \$800 is imposed on corporations subject to the franchise tax but not those subject to the income tax.

Current law specifies that all state revenues from the sales tax on diesel fuel sales, as well as the state revenues from the sales tax on the Proposition 111 excise tax increase, be transferred to the Transportation, Planning and Development Account. The combined transfer to this Account during 1991-92 is estimated to be \$126.5 million, increasing to \$146.1 million during 1992-93.

In June 1990, the Supreme Court ruled that direct overhead items purchased under U.S. government cost reimbursement contracts are not taxable. As a result, it is estimated that approximately \$700 million in state and local revenue, including interest, will be refunded over the next two fiscal years. To date, \$31 million has been refunded. The budget estimate has been reduced by an additional \$170 million during the current year and \$304 million during the budget year to account for this decision.

Legislation enacted in 1991 moved state government to an accrual basis of accounting. The current year estimate has been increased by \$1.2 billion to reflect this change.

As noted previously, a temporary .50 percent state sales tax increase may become inoperative on July 1, 1992, January 1, 1993, or July 1, 1993, depending on the projected surplus level. The 1992-93 Governor's Budget assumes that the reserve will not be sufficient to activate

California, while the latter is imposed on corporations which do not do business in the state but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies.

- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all state and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is 1.44 percent.
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- A minimum franchise tax of \$800 is imposed on corporations subject to the franchise tax but not those subject to the income tax.

Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. However, the relationship is not precise because business activity in California may differ from that of the nation. Further, state tax law defines profits differently than standard business accounting. Therefore, profits data from annual business reports are not appropriate for tax analysis. National profits, as represented by the economic forecast, are the

net of all gains and losses. However, taxpayers pay tax on profits but not on losses. Each component is needed for tax analysis.

The preparation of the forecast involves consideration of the trend in noncorporate business income and recent actual cash experience. Noncorporate business income is available for California whereas corporate profit data are not. The forecast reflects the economic downturn and recent legislation. A tax credit for small employers who provide their employees health insurance was to have gone into effect beginning in 1992. This budget year forecast includes \$66 million from the proposed repeal of this credit. Taxpayers with net operating loss carry forward will not be able to utilize such losses in 1992 and 1993. Those loss carry forwards can be used in subsequent years. The years for which losses could be carried forward was extended through 1997. The interest rate charged for underpayments was increased by 2 percent. The research and development tax credit was extended through 1997. The adoption of accrual accounting revises the state's method of accounting to bring the state in line with changes suggested by the Governmental Accounting Standards Board. The forecast also reflects an increase in enforcement activity.

The tax base has been flat since 1986–87. One factor that contributed to these flat profits was the large increase in corporate debt whose interest payments reduce taxable earnings. Another factor may have been the numerous changes made in 1987 in the federal conformity legislation. The impact of these changes is still being studied.

This forecast assumes that fees paid into the Unitary Fund by international corporations electing to base their profits on their U.S. rather than worldwide operations will total \$34 million each in the current year and the budget year. Recent court decisions raise some uncertainty about this revenue, as well as the General Fund revenues.

Forecast revenues for the current and budget years, compared to actual collections in 1990–91, are:

(Dollars in Millions)

1990–91 (Actual)	\$4,508
1991–92 (Forecast)	5,017
1992–93 (Forecast)	5,420

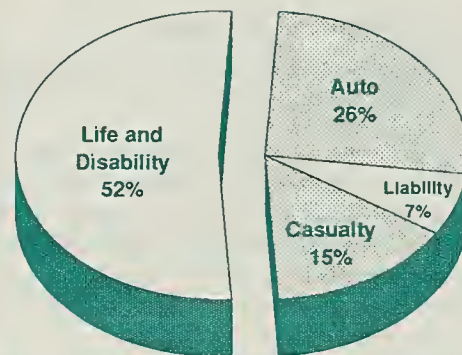
Insurance Tax—\$1,217,000,000

The majority of insurance written in this state is subject to a 2.35 percent gross premiums tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 percent rate are: certain pension and profit-sharing plans, which are taxed at the lesser rate of 0.5 percent; surplus lines pay 3 percent; and ocean marine insurers pay 5 percent of underwriting profits.

An annual survey conducted by the Department of Finance is used to project insurance premium growth. Responses were obtained from 300 insurance compa-

Figure 3-D

Insurance Premiums by Category



nies, accounting for over one-half of the insurance written in California. The growth rate in taxable premiums is expected to continue to be moderate, down significantly from the double-digit experience during much of the 1980s. For 1990, \$51.5 billion in taxable premiums were reported, while the results of the most recent survey indicate that taxable premiums will total \$52.3 billion in 1991 (1.5 percent over 1990) and \$54.4 billion in 1992 (a 4 percent increase). Since the insurance industry is linked to the overall economy, continuation of the recession beyond mid-1992 would likely result in slower premium growth, and less revenue than is forecast. Figure 3-D illustrates the proportion of premiums by insurance type, from which the revenue is derived.

While premiums are projected to grow from year to year, tax revenue is expected to decline between 1990–91 and 1991–92. This occurs because the provisions of Proposition 103, approved by the voters in 1988, directed the Board of Equalization to adjust the gross premiums tax rate for a two-year period to offset the proposition's effect on revenue. As a result, the tax rate was set at 2.46 percent for 1990, which increased 1990–91 revenue; the rate has automatically returned to 2.35 percent for 1991, and beyond. Further, the Department of Insurance has ordered insurers to rebate an estimated \$2.5 billion to consumers under the provisions of Proposition 103. The rebates will reduce the tax liability of insurers in the year which they are paid. Some major insurers have indicated a desire to litigate the rebate issues, making the timing of the rebates uncertain. The Department is confident that a portion of the rebates will be made during 1991–92, reducing tax revenue an estimated \$7 million, while the remaining rebates, which will reduce revenue an estimated \$52 million, are expected to occur during 1992–93.

The estimated revenue for the current and budget years, compared with actual collections in 1990–91, are:

(Dollars in Millions)	
1990–91 (Actual)	\$1,286
1991–92 (Forecast)	1,195
1992–93 (Forecast)	1,217

Horse Racing Revenue—\$87,000,000

Horse racing revenue comes primarily from license fees imposed on amounts wagered by the public. The license fee revenue schedule is based upon many factors, including the amount wagered, the location of the track, the type of horse racing, the type of wager, and whether or not the wager is made on-track or at a satellite facility. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, and fines and penalties.

Racing associations and local fairs present approximately 900 days of racing annually, featuring a variety of horse breeds. The public may attend the live meets, or watch and wager at off-track facilities which receive the races televised live via satellite. Currently, 28 satellite wagering facilities are operating statewide. In addition, out-of-state betting systems include their wagers in the betting pools of races taking place in California, with the state receiving a share of each dollar bet.

Nationally, California ranks second only to New York in attendance, handle, and the amount of revenue received by the state from horse racing. However, the state's revenue is being impacted by the current recession, and recent legislation which permits intertrack satellite wagering in the Los Angeles area. The state license fee for off-track wagers is about one-half the license fee for on-track wagers, and the legislation appears to have resulted in significant shifts from on-track to off-track wagering. For the budget year, overall wagering is expected to increase approximately two percent, how-

ever it is estimated that continuing shifts from on-track to off-track wagering will result in a revenue decline from 1991–92. Table 3-4 provides information on total parimutuel pools and the distribution by fund of receipts from horse racing.

Table 3-4
Horse Racing Revenue
(Dollars in Thousands)

	<i>1990–91 Actual</i>	<i>1991–92 Forecast</i>	<i>1992–93 Forecast</i>
Amount Wagered:	\$2,881,907	\$2,839,994	\$2,892,284
Receipts:			
General Fund	\$106,081	\$94,000	\$87,000
Fair & Exposition Fund	28,090	26,982	26,879
Satellite Wagering Account	13,358	13,179	13,220
Wildlife Restoration Fund	750	750	750
Total	\$148,279	\$134,911	\$127,849

Estate/Inheritance/Gift Taxes—\$540,000,000

Proposition 6, an initiative measure adopted by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up the maximum credit allowed against the federal estate tax, otherwise known as the "pick up tax." The pick up tax is computed on the basis of the federal "taxable estate" and tax rates range from 0.8 to 16 percent. This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. The date of death of the decedent or the date a gift is made determines which tax laws prevail. As a result of Proposition 6, taxes from this source dropped 54 percent between fiscal years 1982–83 and 1983–84.

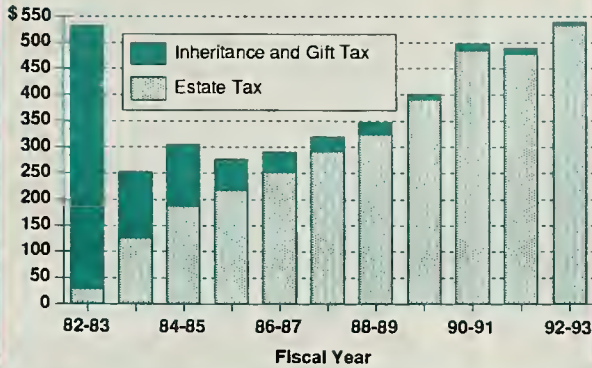
For state tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal credit. After several years of slow decline, collections from inheritance and gift taxes are now falling

Table 3-5
Estate, Inheritance and Gift Tax Revenue
(Dollars in Millions)

	<i>1990–91 Actual</i>	<i>1991–92 Forecast</i>	<i>1992–93 Forecast</i>
Estate Inheritance & Gift	\$484.8	\$478.0	\$533.7
	14.0	11.0	6.3
Total	\$498.8	\$489.0	\$540.0

Figure 3-E

Estate, Inheritance, and Gift Taxes
(Dollars in Millions)



off more quickly, indicating that most claims against deaths prior to June 8, 1982, have been settled. As the backlog of old claims are settled, future revenues will be the result of the federal credit. Figure 3-E displays this trend since 1983.

Past year actual revenues and estimates for the current and budget years are shown in Table 3-5.

Cigarette Tax—\$188,810,000

The excise tax imposed on distributors selling cigarettes in California was increased to 35 cents per package, effective January 1, 1989, as a result of voter approval of Proposition 99. At the same time, an excise tax on cigars, chewing tobacco, pipe tobacco, and snuff was implemented at a tax rate equivalent to the tax on cigarettes. Twenty-five cents of the tax per package of cigarettes, and all of the tax on the other tobacco products, are allocated to a special fund for distribution as determined by the measure. Ten cents of the tax per package of cigarettes is allocated between local governments and the state's General Fund.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. The cumulative effect of product price increases, the increasing restrictive environment for smokers, Proposition 99, and a recent federal surtax will continue to significantly

impact cigarette consumption. Per capita consumption had been declining at an average rate of 3 percent annually from 1983–84 through 1987–88, and then decreased rapidly with the onset of Proposition 99. During fiscal year 1989–90, per capita consumption was 128 packs, compared with 150 in 1987–88, a decrease of nearly 15 percent in only two years. The estimated increase in the smoking-age population will not offset the declining per capita consumption in future years, resulting in declines in total consumption of approximately 5 percent in the current year and 3 percent in the budget year.

Wholesale price data provide the basis for the revenue estimate for other tobacco products. It is estimated that declines in total consumption of other tobacco products will be similar to the projections made for cigarettes.

Legislation enacted in 1991 changed the allocation of pre-Proposition 99 cigarette revenues. Prior to this change, cigarette tax revenues were divided 30 percent to cities and counties and the balance to the state's General Fund. The new legislation permanently transfers all of the county money, and until July 1, 1996, 47 percent of the city money, to the state General Fund. This change augments General Fund revenues by approximately \$30 million in the current year and \$29 million in the budget year.

Table 3-6

Tobacco Products Tax Revenue
(Dollars in Millions)

	<i>1990-91 Actual</i>	<i>1991-92 Forecast</i>	<i>1992-93 Forecast</i>
General Fund	\$146.0	\$168.0	\$188.8
Local Fund	61.3	28.1	0.8
Surtax Fund	539.1	512.0	495.0
Total	\$746.4	\$708.1	\$684.6

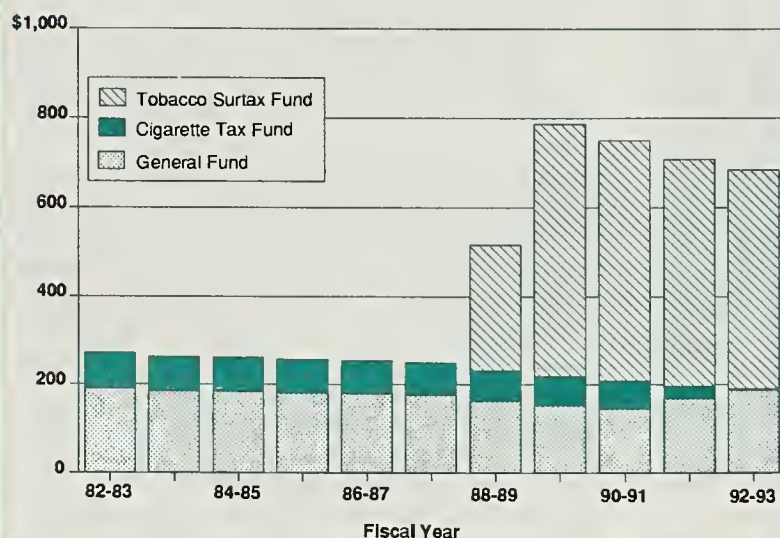
Table 3-7

**Comparison of Prior and Current Year
Tax Rates Per Gallon**

<i>Source</i>	<i>Prior</i>	<i>Current</i>
Beer	\$0.04	\$0.20
Dry Wine	0.01	0.20
Sweet Wine	0.02	0.20
Sparkling Wine	0.30	0.30
Distilled Spirits	2.00	3.30

Figure 3-F

Cigarette and Tobacco Tax Revenue
(Dollars in Millions)



The Tobacco Surtax became operative January 1, 1989. A change in the General Fund allocation began August 5, 1991.

The Administration proposes to transfer all pre-Proposition 99 cigarette tax revenues to the General Fund beginning July 1, 1992. This will augment General Fund revenues in 1992-93 by an additional \$27 million. The combined effect of new legislation and the Administration's proposal results in an additional \$56 million to the State's General Fund in 1992-1993.

Cigarette and tobacco tax revenues from 1982-83 through 1992-93, including the impact of new legislation, are illustrated in Figure 3-F. Tobacco products tax revenue estimates are shown in Table 3-6.

Alcoholic beverages tax estimates are based on projections of total and per capita consumption for each type of beverage. Changes in total consumption of alcoholic beverages reflect different trends for beer, wine, and distilled spirits. Total consumption of beer has been relatively flat, with some minor increases resulting from growth in the drinking age population. Total consumption of wine continued to grow through the mid-1980's, until changes in consumer behavior caused erratic shifts in consumption, resulting in an overall declining trend. In spite of population increases, distilled spirits consumption has been steadily declining since 1984.

Total and per capita consumption of sweet and sparkling wines and distilled spirits are expected to continue declining. Total consumption of beer and dry wines should post minor increases through the budget year, as minor declines in per capita consumption are offset by increases in the drinking-age population.

In addition to expected changes in consumption, the forecast reflects the following changes:

- The adoption of legislation to accrue revenue collections beginning in the current year, which added \$26 million to the estimate.

Table 3-8

Beer, Wine, and Distilled Spirits Revenue
(Dollars in Millions)

	1990-91 Actual	1991-92 Forecast	1992-93 Forecast
Beer and Wine	\$31.1	\$173.0	\$160.2
Distilled Spirits	98.5	159.5	153.0
Total	\$129.6	\$332.5	\$313.2

**Alcoholic Beverage Taxes—
\$313,200,000**

Taxes on alcoholic beverages are levied on the sale of beer, wine, and distilled spirits. The rates, which vary with the type of alcoholic beverage, were increased effective July 15, 1991. Current and prior year rates, per gallon, are indicated in Table 3-7.

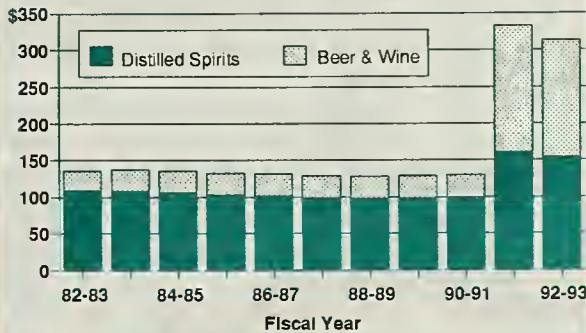
- Floor stock tax payments associated with the tax rate increase, which are expected to total \$23 million by the end of the current year.

Total alcoholic beverage tax revenues from 1982-83 through 1992-93 are illustrated in Figure 3-G. Past year actual revenues and estimates for the current and budget years are shown in Table 3-8.

Figure 3-G

Alcoholic Beverage Tax Revenue

(Dollars in Millions)



Excise tax rate increases were effective July 15, 1991.

Special Fund Revenue

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, special fund revenues comprise three categories of income:

- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and profession license fees.
- Rental royalties and other receipts designated for particular purposes, i.e., oil and gas royalties.

Motor vehicle related taxes and fees account for 58 percent of all special fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During 1991-92, \$6.2 billion will be derived from the ownership or operation of motor vehicles. Approximately \$3.8 billion of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Legislation enacted in 1991 created a new special fund for the purpose of

local program realignment. Revenue attributable to a .50 sales tax rate is transferred to this Local Revenue Fund. During 1991-92, it is estimated that local governments will receive over \$1.2 billion from this revenue source, increasing to almost \$1.6 billion during 1992-93. In addition to this revenue, approximately 25 percent of all vehicle license fees are transferred to this fund.

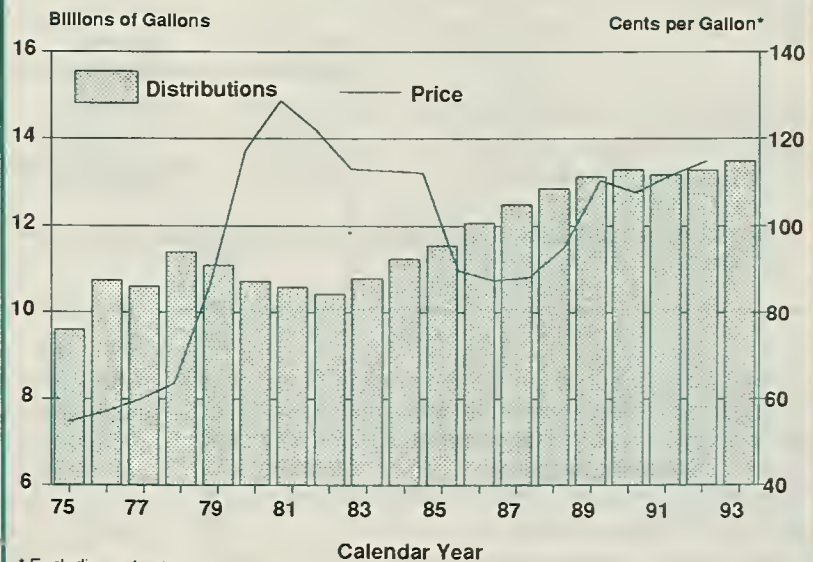
Funds from the voter-approved increase in tobacco-related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure. Receipts for this fund are estimated at \$512 million in the current year and \$495 million in the budget year. The original 10 cents per package tax on cigarettes is allocated to the General Fund and a special fund for distribution to cities. It is estimated that the cities will receive \$28 million during 1991-92. The section on Cigarette Taxes describes the impact of new and proposed legislation on the distribution of local cigarette tax revenues.

Motor Vehicle Fuel Taxes—\$2,489,300,000

The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major sources of funds for maintaining, replacing and building state highway and transportation facilities. Close to one-half of these revenues are apportioned to local jurisdictions for streets and highways use.

Figure 3-H

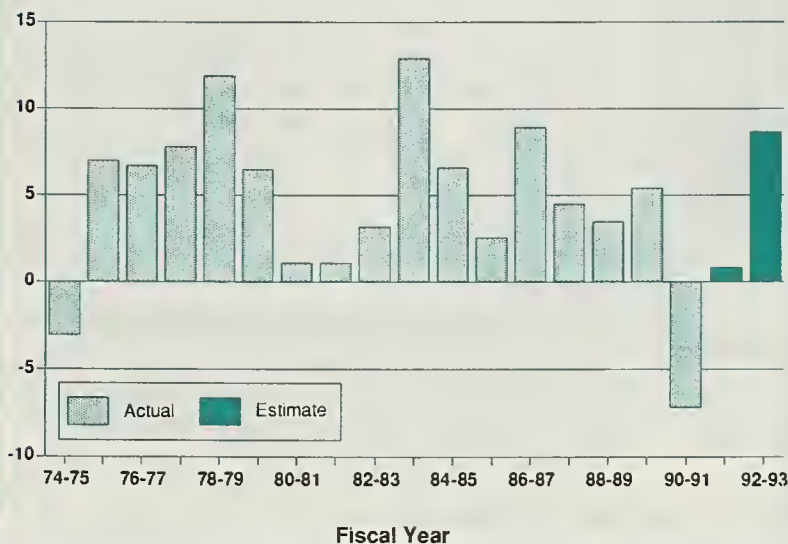
Gasoline Distributions and Average Price per Gallon



* Excluding sales tax

Figure 3-I

Diesel Fuel Distributions
(Year-to-Year Percent Change)



current tax rates are 16 cents per gallon of diesel fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 4.5 cents per gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay one cent per gallon.

Gasoline consumption and tax revenues are sensitive to the retail price of fuel. (See Figure 3-H). As prices began to rise in the late 1970's, consumption dropped—but picked up again as prices eased. By 1986, the average price of gasoline excluding tax had declined to an average of \$.90 per gallon. Since that time, prices remained relatively stable, until August 1990 with the onset of the Persian Gulf war. Fortunately, that run-up was shortlived, peaking in the fourth quarter of 1990 at an average price of \$1.32 per gallon. By the first quarter of 1991, the average price had dropped to \$1.07 cents per gallon.

The weaker economy has also significantly impacted the consumption of gasoline, which declined 1.2 percent during 1990-91 from the prior year. This is the first drop in consumption since the 1982 recession. Even more dramatic is the 7.2 percent drop in diesel fuel consumption (See Figure 3-I) for the same time period, reflecting the impact that the recession has had on the commercial trucking industry.

Gasoline consumption is estimated to be relatively flat over the forecast period, increasing only 0.9 percent during both the 1991-92 and 1992-93 fiscal years. Similar growth is expected for diesel fuel during 1991-92, followed by an 8.6 percent increase during 1992-93, reflecting a stronger economy.

Table 3-9

Motor Vehicle Fuel Tax Revenue
(Dollars in Thousands)

	1990-91 Actual	1991-92 Forecast *	1992-93 Forecast
Gasoline	\$1,762,529	\$2,199,300	\$2,187,300
Diesel	225,961	282,000	302,000
Total	\$1,988,490	\$2,481,300	\$2,489,300

* Revenues in 1991-92 were increased due to the adoption of accrual accounting.

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel, liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 16 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

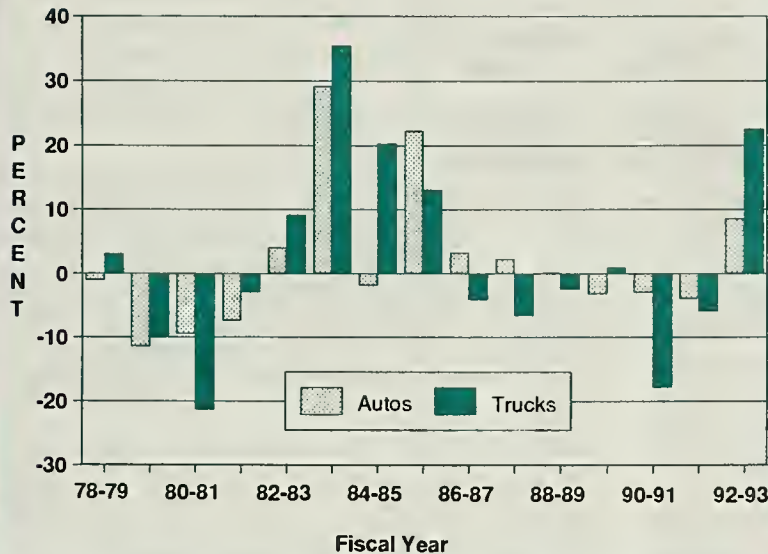
The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on state highways. The

Proposition 111, which was enacted November 1990, increased gasoline and diesel fuel tax rates by 5 cents per gallon effective August 1, 1990, with an additional 1 cent per gallon increase each January 1 thereafter for four years, bringing the tax rate to 18 cents per gallon effective January 1, 1994. This increase is estimated to generate \$949 million during 1991-92 and \$1,116 million during 1992-93 for transportation purposes.

Figure 3-J

New Vehicle Registrations

(Year-to-Year Percent Change)



In 1991, the law was changed to require producers and wholesalers of diesel fuel to prepay the sales and use fuel taxes. This program is mirrored after the 1986 prepayment program for gasoline sales which has proved very successful in minimizing tax evasion. The diesel fuel program is estimated to increase diesel fuel tax collections by over \$15 million annually.

Motor vehicle fuel revenues are shown in Table 3-9.

Motor Vehicle Fees—\$4,650,668,000

Motor vehicle fees consist of vehicle license, registration, weight, driver's license fees and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, excluding administrative costs, are apportioned to local governments.

The vehicle license fee is calculated on the vehicle's "market value", which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a 10-year depreciation period; an 18-year depreciation period is used for trailer coaches. A two percent rate is applied to the depreciated value to determine the fee. To compensate for delayed implementation of the new depreciation schedule (Table 3-10), a 2.2 percent surcharge is imposed on these fees from August 1, 1991 through July 31, 1992. Thus, revenue from this source is contingent on the number of vehicles in the state, the ages of those vehicles and their original prices.

Allowing for scrappage and for vehicles entering and leaving the state, total fee-paid registrations (autos, trucks, trailers, and motorcycles) including a proportional factor for multi-state vehicles at year-end are estimated at 24,245,000 for 1991-92 and 24,763,000 for 1992-93.

As seen in Figure 3-J, growth in new automobile and commercial truck registrations has been virtually flat since 1986-87. The recession is clearly evident in 1990-91, where new auto and truck registrations declined three percent and 17.8 percent, respectively, from the prior year. The forecast assumes that new vehicle registrations will remain weak throughout the 1991-92 fiscal year, followed by a

Table 3-10

Vehicle License Fee Depreciation Factors

<i>Vehicle Age (Years)</i>	<i>Prior Law (Percent)</i>	<i>Current Law (Percent)</i>
New	85	100
1	85	90
2	70	80
3	55	70
4	40	60
5	30	50
6	25	40
7	15	30
8	10	25
9	5	20
10 +	5	15

Table 3-11
Motor Vehicle Fees Revenue
(Dollars in Thousands)

	<i>1990-91 Actual</i>	<i>1991-92 Forecast</i>	<i>1992-93 Forecast</i>
Vehicle License Fees	\$2,214,725	\$2,263,200	\$2,367,600
Realignment	-	712,000	756,000
Registration, Weight & Other Fees	<u>1,295,554</u>	<u>1,426,368</u>	<u>1,527,068</u>
Total	\$3,510,279	\$4,401,568	\$4,650,668

rather typical recovery. Clearly, there is a downside risk with this scenario if the economy continues to weaken.

New vehicles accounted for 22 percent of the vehicle license fee revenue base during 1990-91. This revenue source has not only been impacted by the weakness in those sales, but also by the fact that average price increases have slowed. Average license fees for new autos grew by less than one percent during the first half of calendar year 1991, following six years of relatively stable growth ranging from 3.4 percent to 5.1 percent annually.

Legislation became effective on August 1, 1991, which revised the vehicle license fee depreciation schedule as noted in Table 3-10. In addition, it imposed a 2.2 percent surcharge on those license fees for a period of one year

and requires the Department of Motor Vehicles to reclassify used vehicles based upon their actual purchase price each time the ownership of the vehicle is transferred. All of the revenue from this base change is transferred to local governments for the purpose of funding program realignment. During 1991-92, it is estimated that local governments will realize \$712 million from this revenue source, increasing to \$756 million during 1992-93.

Vehicle registration fees are levied at a flat rate of \$28 on all motor vehicles, trailers, semi-trailers and certain types of dollies. This fee will

decrease to \$27 effective January 1, 1993, when the \$1 surcharge for the support of the California Highway Patrol expires. The budget estimate, however, assumes that this surcharge will be statutorily extended beyond that date.

Trucks and trailers are also subject to fees based on their unladen vehicle weight. Proposition 111, which was approved by the voters in November 1990, increased the weight fees for vehicles with an unladen weight of more than 4,000 pounds by 40 percent effective August 1, 1990, with an additional ten percent increase effective January 1, 1995. Consistent with the slowdown that has been evidenced in new truck registrations and diesel fuel consumption, these fees have been significantly impacted by the recession.

Motor vehicle fees revenue is summarized in Table 3-11.

Table 3-12

Summary of State Tax Collections
(Excludes Departmental, Interest and Miscellaneous Revenue)

	<i>Per Capita Personal Income</i> ^{1,2}	<i>State Tax Collections (Millions)</i>		<i>Taxes per Capita</i> ¹		<i>Taxes per \$100 of Personal Income</i> ³	
		<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>
1967-68	\$3,838	\$3,558	\$4,676	\$185.55	\$243.86	\$4.83	\$6.35
1968-69	4,158	3,963	5,173	203.94	266.21	4.90	6.40
1969-70	4,485	4,126	5,409	208.96	273.94	4.66	6.11
1970-71	4,746	4,290	5,599	214.08	279.41	4.51	5.89
1971-72	4,958	5,213	6,599	256.22	324.34	5.17	6.54
1972-73	5,360	5,758	7,229	279.72	351.18	5.22	6.55
1973-74	5,836	6,379	7,877	305.67	377.45	5.24	6.47
1974-75	6,433	8,045	9,574	379.95	452.16	5.91	7.03
1975-76	6,951	9,069	10,710	421.07	497.26	6.06	7.15
1976-77	7,646	10,781	12,525	491.48	570.98	6.43	7.47
1977-78	8,373	12,952	14,826	579.46	663.30	6.92	7.92
1978-79	9,411	14,188	16,201	621.30	709.45	6.60	7.54
1979-80	10,526	16,860	19,057	724.94	819.41	6.89	7.78
1980-81	11,603	17,808	20,000	748.80	840.97	6.45	7.25
1981-82	12,713	19,109	21,556	787.09	887.88	6.19	6.98
1982-83	13,216	19,579	22,375	789.32	902.04	5.97	6.83
1983-84	13,897	22,309	25,685	880.49	1,013.73	6.34	7.29
1984-85	15,057	25,515	29,038	988.34	1,124.81	6.56	7.47
1985-86	15,981	26,982	30,916	1,021.93	1,170.93	6.39	7.33
1986-87	16,716	31,331	35,368	1,158.18	1,307.41	6.93	7.82
1987-88	17,642	31,231	35,616	1,126.78	1,284.99	6.39	7.28
1988-89	18,693	35,647	40,619	1,255.49	1,430.60	6.72	7.65
1989-90	19,730	37,248	43,046	1,278.16	1,477.11	6.48	7.49
1990-91	20,677	38,214	47,024	1,274.80	1,568.72	6.17	7.59
1991-92 ^e	20,524	43,633	55,628	1,420.72	1,811.27	6.92	8.83
1992-93^e	21,052	45,674	58,788	1,453.65	1,871.03	6.91	8.89

¹ Per Capita computations are based on July 1 populations estimates, benchmarked to the 1990 Census.

² Personal income data is on a calendar year basis (e.g., 1987 for FY 1987-88).

³ Taxes per \$100 personal income computed using calendar year personal income (e.g. 1987 income related to 1987-88 tax collections).

^e Estimated.

Table 3-13

Outline of State Tax System as of January 1, 1992

<i>Major Taxes and Fees</i>	<i>Base or Measure</i>	<i>Rate</i>	<i>Administering Agency</i>	<i>Fund</i>
Alcoholic Beverage Excise Taxes:				
Beer.....	Gallon	\$0.20	Equalization ¹	General
Distilled Spirits.....	Gallon	\$3.30	Equalization	General
Dry Wine	Gallon	\$0.20	Equalization	General
Sweet Wine	Gallon	\$0.20	Equalization	General
Sparkling Wine	Gallon	\$0.30	Equalization	General
Hard Cider.....	Gallon	\$0.20	Equalization	General
Bank and Corporation:				
General Corporation.....	Net income	9.3% ²	Franchise ³	General
Bank and Financial Corp.	Net income.....	10.7% Max	Franchise.....	General
Alternate Minimum Tax....	Alternate Taxable Income	7.0%	Franchise.....	General
Tobacco:				
Cigarette.....	Package	\$0.35 ⁴	Equalization	Cigarette Tax ⁵ , Cigarette and Tobacco Products Surtax, and General
Other Tobacco Products.....	Wholesale price.....	29.35%	Equalization	Cigarette and Tobacco Products Surtax
Energy Resources Surcharge.....	Kilowatt hours.....	\$0.0002	Equalization	Energy Resources Surcharge Fund
Horse Racing License.....	Amount wagered.....	1-6.45%	Horse Racing Board.....	Fair and Expo ⁶ Satellite Wagering ⁷ Wildlife Restoration and General
Estate	Taxable Federal estate	0-100%	Horse Racing Board.....	General
Insurance	Gross Premiums.....	0.8-16%	Controller.....	General
Liquor license fees.....	Type of license	2.35% ⁸	Insurance Dept.	General
		Various	Alcoholic Beverage Control	General
Motor Vehicle:				
Vehicle license fees	Market value	2.0% ⁹	Motor Vehicle Dept.....	Motor Vehicle License Fee and Local Revenue ¹⁰
Fuel—Gasoline	Gallon	\$0.16 ¹¹	Equalization	Motor Vehicle Fuel ¹²
Fuel—Diesel.....	Gallon	\$0.16 ¹¹	Equalization	Motor Vehicle Fuel ¹²
Registration Fees	Vehicle.....	\$28.00	Motor Vehicle Dept.....	Motor Vehicle ¹³
Weight Fees	Unladen weight.....	Various	Motor Vehicle Dept.....	State Highway ¹⁴
Personal Income.....	Taxable income.....	1-11%	Franchise.....	General
Alternate Minimum Tax....	Alternate Taxable Income	8.5%	Franchise.....	General
Private Railroad Car	Valuation.....	¹⁵	Equalization	General
Retail Sales and Use.....	Receipts from sales or lease of taxable items.....	6.00% ¹⁶	Equalization	General, and Local Revenue

Source: State of California, Department of Finance

¹ State Board of Equalization.

² Minimum tax \$800 per year.

³ Franchise Tax Board.

⁴ This tax is levied at the combined rate of 10 cents per pack of 20 for the cigarette tax and 25 cents per pack for the cigarette and tobacco products surtax.

⁵ About 14 percent of the 10 cents per pack tax is remitted to local jurisdictions.

⁶ For support of county fairs and other activities.

⁷ For construction of Satellite Wagering Facilities and health and safety repairs at fair sites.

⁸ Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.

⁹ In addition, a 2.2% surcharge is imposed on this fee until August 1, 1992.

¹⁰ For return to cities and counties.

¹¹ Increase to \$0.17 on 1/1/93.

¹² For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.

¹³ For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.

¹⁴ For state highways and State Department of Motor Vehicles administrative expense.

¹⁵ Average property tax rate in the State during preceding year.

¹⁶ Includes a 5.50% rate for the State General Fund and Transportation Fund and a 0.50% rate for local governments.

Table 3-14
Comparative Yield of State Taxes, 1967-68 through 1992-93
(Dollars in Thousands)

<i>Year Ending June 30</i>	<i>Sales and Use</i>	<i>Personal Income</i>	<i>Bank and Corpora- tion^a</i>	<i>Tobacco^b</i>	<i>Estate Inheritance & Gift^c</i>	<i>Insurance^d</i>	<i>Alcoholic Beverages</i>	<i>Horse Racing</i>	<i>Motor Vehicle Fuel^e</i>	<i>Vehicle Fees^f</i>
1968	1,464,927	952,487	576,874	219,272	135,554	121,155	94,896	54,799	581,127	437,918
1969	1,652,979	1,101,691	592,303	237,328	158,815	130,312	99,612	59,839	625,667	469,655
1970	1,753,611	1,152,053	587,013	236,878	164,299	136,733	105,908	58,244	668,537	498,992
1971	1,808,052	1,264,383	532,091	239,721	185,699	158,423	106,556	64,601	674,635	513,202
1972	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	69,380	712,426	547,845
1973	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	72,693	746,196	596,922
1974	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	78,289	742,702	644,448
1975	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	86,637	752,234	664,453
1976	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	96,117	766,555	749,936
1977	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	102,702	810,321	807,782
1978	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	111,591	850,181	924,410
1979	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	112,856	896,591	1,021,856
1980	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	127,002	852,752	1,096,640
1981	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	129,779	839,994	1,127,293
1982	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	119,626	833,446	1,373,354
1983	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	120,159	928,633	1,614,993
1984	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	141,001	1,213,167	1,906,290
1985	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	133,814	1,159,637	2,137,326
1986	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	131,592	1,194,172	2,515,295
1987	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	131,733	1,245,881	2,692,835
1988	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	132,208	1,293,254	2,966,334
1989	12,650,893	15,886,361	5,138,009	559,616	335,092	1,317,630	128,264	143,379 ^g	1,320,512	3,139,011
1990	13,917,731	16,903,654	4,964,842	787,075	388,527	1,167,684	128,523	147,920	1,349,146	3,305,711
1991 ^h	13,839,426	16,848,927	4,545,384	746,401	498,774	1,286,198	129,640	148,279	1,988,490	3,510,279
1992 [*]	17,664,839	18,136,006	5,051,400	708,100	489,000	1,195,000	332,500	134,911	2,481,300	4,401,568
1993 [*]	18,585,100	19,525,006	5,454,400	684,600	540,000	1,217,000	313,200	127,849	2,489,300	4,650,668

^a Includes the corporation income tax and, commencing with 1989 data, the unitary election fee.

^b Proposition 99 (November 1988) increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products.

^c Proposition 6 (June 1982) repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit effective for decedents dying on or after June 8, 1982.

^d The conclusion of litigation resulted in additional revenue of \$51 million in 1987-88, \$178 million in 1988-89, and \$7 million in 1990-91, and is estimated will result in an additional \$28 million in 1991-92.

^e Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.

^f Registration and weight fees, motor vehicle license fees, and other fees.

^g Beginning in 1988-89, includes revenues from satellite wagering that were not included in prior years.

^h Some figures for 1991 may be preliminary.

^{*} Estimated.

Elementary and Secondary Education

The choice that California must make—the choice that people and their government must make—is to give increasing attention and resources to the conditions that shape our children's lives.

Governor Pete Wilson
January 1991

The new funding for K–12 education proposed in the 1992–93 Governor's Budget fully funds Proposition 98, which includes a 7.9 percent increase in available resources for new and increased programs over the current year program level.

California's elementary and secondary schools serve a diverse population of students in the state through a system comprised of 1,009 school districts and 58 county offices of education. This system will expend \$28.9 billion in 1992–93 to educate approximately 5.3 million students, a 7.9 percent increase in funding, and a 4.2 percent increase in enrollment, over 1991–92. This funding level includes \$325 million for a 1.5 percent

cost-of-living adjustment to better enable schools to keep pace with rising costs. Additionally, a total of \$864 million is included to fund statutory growth.

Total Funding. As indicated in Table 4-1 and Figures 4-A and 4-B, revenue for the support of K–12 education comes from various sources. Approximately 63.2 percent (\$18.3 billion) is provided by the state. Another 21.8 percent (\$6.3 billion) comes from local property taxes. The remaining 15 percent comes from the federal government (\$2.0 billion) and from miscellaneous local sources (\$2.3 billion).

Continuing Commitment to Education. Providing a quality education for the people of California continues to be a high priority of the Administration. The 1992–93 Governor's Budget is consistent with the Administration's desire to ensure that California's educational system remains among the best in the nation. This budget is predicated on the premise that our most important resources—the children of California—must be provided with high quality educational services, including adequate nutritional services, preschool services, and curriculum development.

Table 4-1

Total Revenue for K–12 Education 1984–85 through 1992–93

(Dollars in Millions)

Source of Funds	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92 ¹	1992–93 ¹
State General Fund ²	\$9,992	\$11,072	\$12,245	\$12,632	\$13,841	\$14,682	\$15,498	\$16,420	\$17,723
Lottery Fund	—	555	411	651	834	789	620	485	485
Other State Funds	230	84	357	799	80	114	78	87	52
Federal Funds	1,197	1,256	1,355	1,312	1,479	1,589	1,781	2,047	2,031
Local Property Taxes	2,867	3,195	3,484	3,786	4,117	4,521	5,007	5,339	5,987
Local Debt Service Taxes ..	425	391	337	311	302	303	305	307	309
Local Miscellaneous	861	953	976	1,431	1,608	1,739	1,913	2,104	2,314
TOTAL REVENUE	\$15,572	\$17,506	\$19,165	\$20,922	\$22,261	\$23,737	\$25,202	\$26,789	\$28,901

¹ Estimated

² General Fund is adjusted to reflect local expenditures for the year funds were received.

Governor's Initiatives

The children of California come from a multitude of backgrounds and many face enormous barriers to a quality childhood and education. The needs of the children of California continue to be a high priority of this Administration. The Governor's Budget proposes to provide preventive services to children by integrating agency programs and school services, with the focal point being the school site. Providing preventive services has proven to be more successful and cost-effective than remedial programs. The Governor's Budget has set aside funding to be included in legislation to implement new programs for children along with funding to expand existing programs.

Preschool Reform and Expansion. Significant developmental benefits are afforded children who attend preschool. This Administration is committed to a policy of providing preschool services for every low-income four-year-old so that all children are able to benefit. The Governor's Budget proposes a \$50 million General Fund expansion for the second year of a five-year effort to reach that objective. The funding proposed for the State Preschool Program in 1992-93 is \$138 million General Fund.

Healthy Start. Legislation enacted in 1991 established the Healthy Start Program. This program provides funding to school districts to arrange local coordination and integration of health and social services for children, with an emphasis on prevention. The Governor's Budget proposes a \$20 million General Fund expansion of this program, bringing total funding for the program to \$39 million.

Early Mental Health. Legislation enacted in 1991 also established the Early Mental Health Counseling Program. This program is designed to provide mental health

counseling to children from the point of entry into the school system and throughout the elementary grades, thus allowing detection and treatment of problems early in a child's life and setting the stage for both a more effective learning experience and a more productive adulthood. The Governor's Budget proposes a \$10 million General Fund expansion of the Early Mental Health Counseling Program, for a total of \$20 million for this important prevention effort.

Low Performing Schools. California schools must provide high quality education to all students. The Governor's Budget sets aside \$10 million for the purpose of identifying, assisting, and revitalizing low-achieving schools. Pursuant to legislation to be introduced this year, these funds will be used to establish the Low-Performing Schools Assistance and Intervention Program that will provide program review, assessment, and technical and financial assistance to enable low-achieving schools to enhance student achievement.

Computer Technology for Health Curriculum. The Governor's Budget designates \$10 million for the purpose of providing interactive video laser disc technology and associated curriculum materials to California schools in the area of health education. California children are impacted by a critical need for up-to-date, accurate and compelling information and instruction in the health areas, most particularly in AIDS education and substance abuse. These funds will enable students to have access to the highest levels of information and instruction.

Proposition 98

The Governor's Budget proposes to fully fund K-12, and the Community Colleges, under the provisions of Proposition 98. The Administration has not proposed any

Figure 4-A

Total Revenue for K-12 Education
(Dollars in Billions)

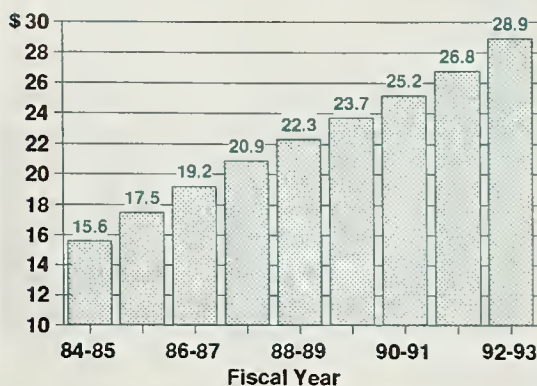
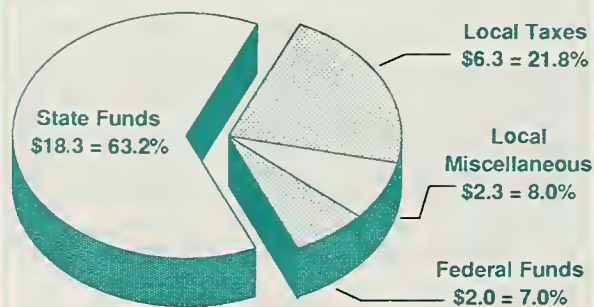


Figure 4-B

Revenue for California's K-12 Schools
Source of Revenues
(Dollars in Billions)



changes to school finance that would change the treatment of revenues under Proposition 98. Fully funding Proposition 98 will increase K-14 resources available for new and increased programs by 7.9 percent.

Proposition 98 appropriations for 1990-91, 1991-92 and 1992-93 are identified in Table 1-5 of this Summary (see Governor's Call to Action). A detailed listing of all Proposition 98 appropriations may be found in Schedule 9A.

Highlights of the \$1.8 billion in new Proposition 98 program funds proposed for 1992-93 (see Table 4-2) are contained in this section (Elementary and Secondary Education) and in the Higher Education Section under California Community Colleges.

The 1992-93 Budget also proposes a \$347 million shift of local property taxes from Enterprise Special Districts to K-12 school and community college districts (see State and Local Fiscal Relationship section). While this has no impact on the guarantee amount, it does reduce the state's share of the guarantee and increases the share funded by local tax revenues.

Passed by the voters in November 1988 and later amended in June 1990 by Proposition 111, Proposition 98 restructured state school finances, as well as made a significant change to the state's General Fund budget and budget process.

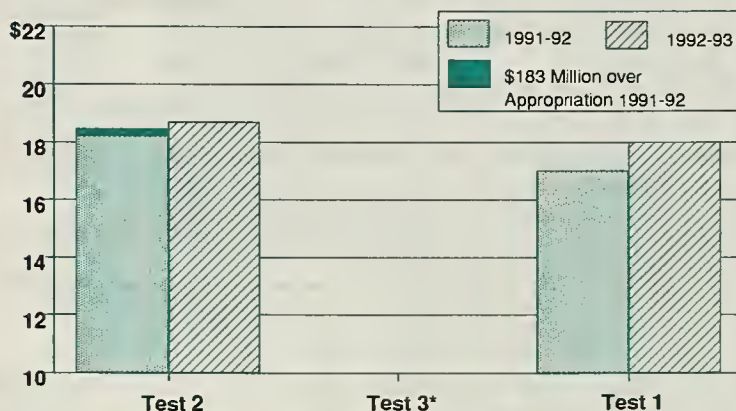
Table 4-2
1992-93
New Program Funds
Proposition 98
(Dollars in Millions)

1992-93 guarantee, state share	\$18,520
1991-92 guarantee, state share	— 18,237
Difference	\$283
Other Adjustments:	
1990-91 to 1991-92 shift	1,233
1992-93 local revenue increase	692
1991-92 to 1992-93 shift	— 183
1991-92 programs funded by loans	— 183
New Program Funds, state and local guarantee shares	\$1,842

Figure 4-C

Proposition 98 Minimum Funding Guarantees
Under Alternative Tests

(Dollars in Billions)



Test 1: Based on a fixed Percent of State General Fund SAL Revenues (40.33 Percent).

Test 2: Based on prior year K-14 General Fund SAL Revenue and local tax proceeds adjusted for COLA and growth.

Test 3: An alternative to Test 2 based on General Fund SAL Revenue growth (Proposition 111), when General Fund SAL revenues are growing less than personal income.

* 1991-92 and 1992-93 are Test 2 years; Test 3 is not applicable. Revenues would have to drop \$2.9 billion in 1991-92 and \$2.2 billion in 1992-93 before Test 3 is reached.

Proposition 98 guarantees schools the greater of:

- Test 1, a fixed percentage of the state's General Fund tax revenues (approximately 40.3 percent), or
- Test 2, the prior year state and local tax revenues used to support schools adjusted for changes in (a) enrollment and (b) cost-of-living, as measured by the change in California per capita personal income.

Figure 4-C shows the tests for 1991-92 and 1992-93. For both years, Test 2 is used to calculate the minimum school funding guarantee, since it is the higher of the two tests, \$18.2 billion and \$18.5 billion, respectively.

- Test 3, passed as part of Proposition 111, is an alternative to Test 2. It provides that in a poor state revenue year, a lower COLA—the change in per capita General Fund tax revenues—is used to calculate the guarantee. The guarantee is subsequently increased in good state revenue years via a maintenance factor repayment, to make up for the lower guarantee.

Legislation added a further refinement to Test 3. In years of a Test 3

guarantee, schools are to receive at a minimum the same increase in state General Fund appropriations and local tax revenues per pupil as all other state programs (non-Proposition 98 General Fund) receive in General Fund appropriations on a statewide per capita basis. This is called a Test 3B supplement.

Despite expected dismal state General Fund tax revenue receipts, the revenue and economic factors do not result in a Test 3 guarantee for either 1991–92 or 1992–93. State General Fund tax revenues would have to drop \$2.9 billion in 1991–92 and \$2.2 billion in 1992–93 before Test 3 would be used to calculate the guarantee.

Figure 4-D shows the three tests and how the guarantee amount differs with changes in General Fund tax revenues. For 1991–92, Test 3 would apply up to \$39.3 billion in state General Fund tax revenues, Test 2 from \$39.3 billion to \$45.8 billion, and Test 1 above \$45.8 billion. For 1992–93, Test 3 would apply up to \$42.5 billion in state General Fund tax revenues, Test 2 from \$42.5 billion to \$45.9 billion, and Test 1 above \$45.9 billion.

Complicating both of these years is the fact that 1990–91 was a Test 3 year and the resultant \$1.6 billion maintenance factor is being paid off over both 1991–92 and 1992–93, as provided in Proposition 111. Schools also received in 1990–91 a \$60 million Test 3B Supplement. When the 1990 Budget Act was enacted, the guarantee was estimated to be \$17.1 billion; with the subsequent steep drop in expected state General Fund tax revenues, the 1990–91 guarantee is \$15.3 billion, a difference of \$1.8 billion. If there were no maintenance factor owed, the Test 2 line shown in Figure 4-D would be flat, and the guarantee amount would not change over the entire range of Test 2 revenues. For 1992–93, the maintenance factor is paid off at about the \$43.2 billion revenue level, and the guarantee does not change until \$45.9 billion.

Table 4-3 summarizes the most frequently cited facts of Proposition 98 funding for both 1991–92 and 1992–93.

For 1991–92, the full guarantee was originally estimated at \$18.423 billion, including an reserve of \$45 million. Since then, due to a drop in state revenues and the resultant effect on the maintenance factor repayment, the appropriations and the reserve

exceed the guarantee by about \$183 million. The budget proposes that this excess be shifted to 1992–93, as was done with the \$1.233 billion excess appropriations shifted from the past year to the current year, as part of the 1991 Budget Act negotiations.

Because Proposition 98 is a minimum funding level, it can be exceeded. And if exceeded, the additional amounts must then be funded in future years, as well as adjusted for growth and COLA. Further, while both Proposition 98 and Proposition 111 provided that the minimum funding guarantee can be suspended, Proposition 98 has been fully funded every year since its enactment.

Table 4-3
Proposition 98 Facts
(Dollars in Billions)

<i>1991–92</i>	<i>Test 3¹</i>	<i>Test 2</i>	<i>Test 1</i>
Guarantee, State Share	–	18.24 ²	17.00
Guarantee Test		2	
Increments:			
1. GF SAL Revenue Change to reach Test 1 crossover point	–	3.65	–
2. GF SAL Revenue change to reach Test 3 crossover point	–	–2.87	–
3. GF SAL Revenue change to reach SAL maximum	–	N/A	N/A
Maintenance factor payback:			
1990–91's Test 3 maintenance factor of \$1.6 with growth and COLA	–	1.492	–
Maintenance factor owed	–	0.236	–
<i>1992–93</i>			
Guarantee, State Share	–	18.52	18.03
Guarantee Test		2	
Increments:			
1. GF SAL Revenue change to reach Test 1 crossover point	–	1.22	–
2. GF SAL Revenue change to reach Test 3 crossover point	–	–2.21	–
3. GF SAL Revenue change to reach SAL maximum	–	N/A	N/A
Maintenance factor payback		0.244	–
Maintenance factor owed		–	–

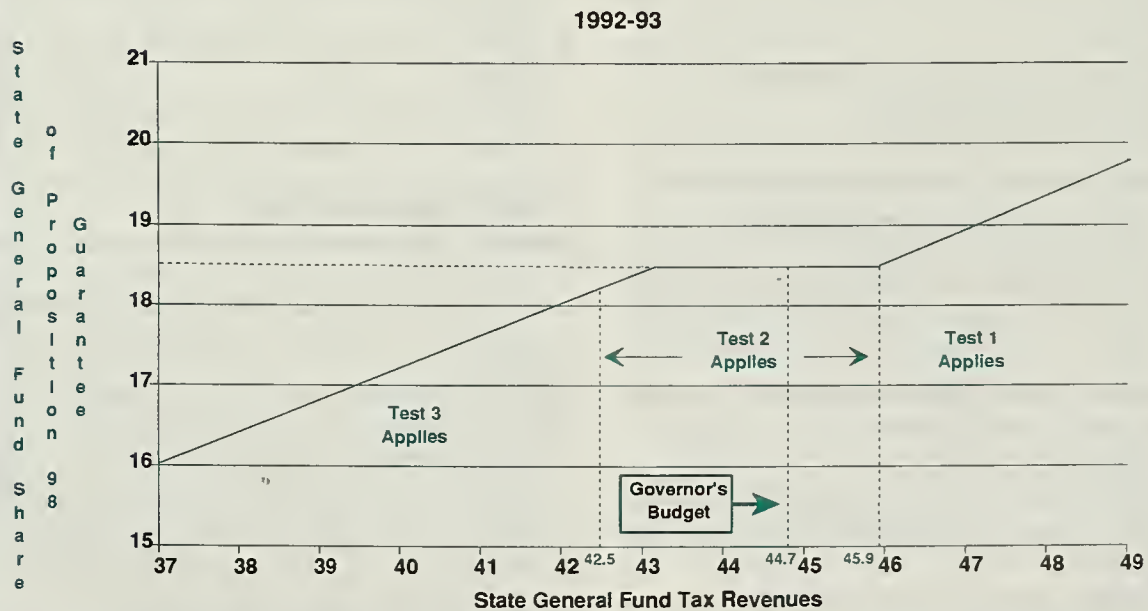
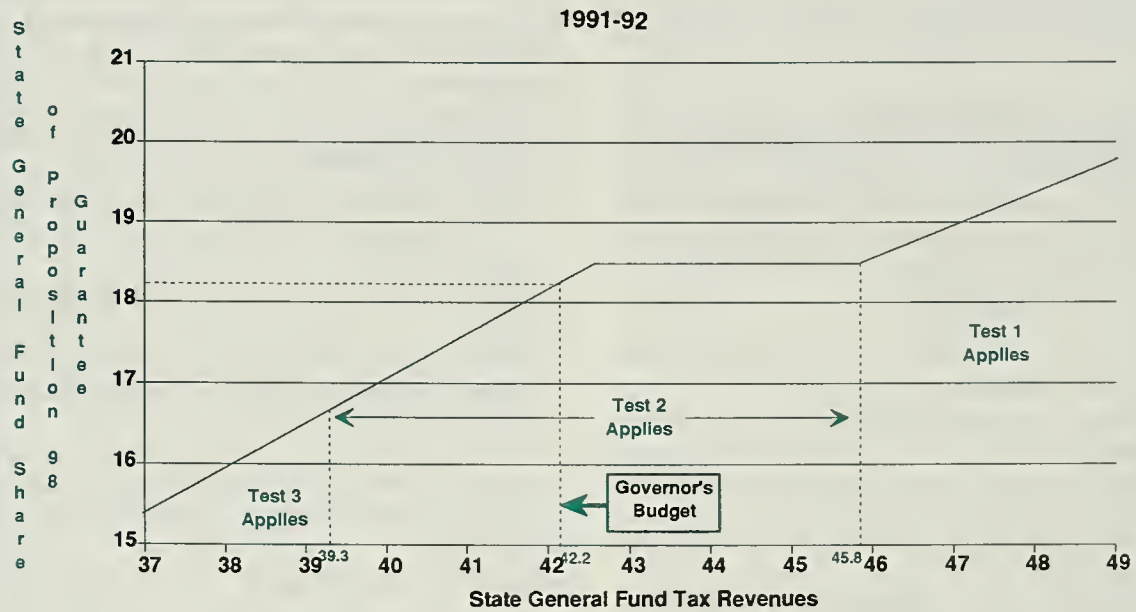
¹ The revenue and economic conditions do not produce a Test 3 year.

² Appropriations exceed the guarantee by \$183.3 million. Legislation will be proposed to shift this amount to 1992–93.

Figure 4-D

State General Fund Tax Revenues and State's
Share of the Proposition 98 Guarantee

(Dollars in Billions)



Highlights of the K-12 Budget

New funding proposed in the 1992-93 Budget will provide:

Governor's Initiatives (\$100 million):

- \$50 million to further expand the State Preschool Program to serve eligible four-year-old children.
- \$20 million to expand the number of planning and operational grants for the Healthy Start Program.
- \$10 million set aside for legislation to establish a program to identify, assist and revitalize low-achieving schools.
- \$10 million to provide students with accurate and expanded information on health, aided by interactive video disc technology.
- \$10 million reflected in the Department of Mental Health budget to double the size of the Early Mental Health Counseling Program.

Statutory Growth (\$864 million):

- \$673.3 million for enrollment increases in school districts and county offices of education.
- \$91.6 million for special education local assistance programs.
- \$37 million for Economic Impact Aid.
- \$15.5 million for both court-ordered and voluntary desegregation programs.
- \$13.1 million for the School Improvement Program.
- \$10.1 million for Regional Occupational Centers or Programs (ROC/P).
- \$9.5 million for child development and preschool programs.
- \$8.4 million for Adult Education programs, including Adults in Correctional Facilities.
- \$7 million for the Child Nutrition Program.
- \$5.7 million for the instructional materials programs.
- \$4.2 million for staff development programs.
- \$2.1 million for: Gifted and Talented Education (GATE) (\$1.4 million), Opportunity Schools Incentives (\$256,000) and for tenth-grade counseling (\$395,000).
- A reduction of \$13 million due to lower-than-estimated participation in year-round schools.

Other Highlights:

- \$324.5 million to reflect cost-of-living increases of 1.5 percent to those programs entitled to receive a statutory COLA.
- \$200 million for a Proposition 98 reserve.
- \$67 million increase for current and past year deficiencies resulting from population growth.

- \$28 million for implementation of the Restructuring in Education Program.
- \$13.8 million for development and administration of a new pupil assessment program which will provide individual student scores.
- \$36.4 million in IV-A federal funds to provide child care for families at risk of going on public assistance.
- \$15 million for the acquisition of additional instructional materials.
- \$2.8 million increase in the Special Education Federal Preschool Grant Program, based on projected grant increases.
- \$2.3 million to provide full funding for the Partnership Academies Program.
- \$3 million to assist schools with one-time startup costs of establishing school breakfast programs for low-income pupils.
- \$28.2 million for expansion of intersegmental programs.
- \$16.1 million for expansion of staff development programs including \$10 million for the Beginning Teacher Support Program.
- \$7.8 million to establish a new base year for the Oakland Unified School District voluntary desegregation program pursuant to the requirements of 1991 legislation.
- \$20 million for attendance improvement grants.
- \$1.8 million for increased fiscal oversight responsibilities by county offices of education.
- \$37.7 million increase for supplemental summer schools.
- \$3 million increase for Specialized Secondary Schools.
- \$185.4 million to continue the Supplemental Grant Program, which was originally scheduled to sunset.

Other Program Areas

Secretary for Child Development and Education.

The Governor proposed in 1991 creation of a cabinet-level Secretary for Child Development and Education. This important initiative has been languishing in the Legislature for a year. The 1992-93 Governor's Budget again proposes the creation of this new cabinet-level post. The Secretary for Child Development and Education will make recommendations to the Governor regarding necessary reforms and legislation to facilitate the integration of social services, health services, mental health services, and other necessary support in the public schools. The Secretary will also be responsible for administering the California Academic Volunteer Mentor Service Program described below. Pending legislation will establish the Secretary for Child Development and Education statutorily, effective January 1, 1993.

California Academic Volunteer and Mentor Corps.

The 1991–92 Budget set aside \$5 million to establish programs that will recruit and train volunteers to assist in the classroom or provide mentors, such as retired business executives, to guide and motivate the child outside the classroom. Because the authorizing legislation is still pending, the Governor's Budget proposes to reappropriate these funds and use them to begin the program in 1992–93.

Attendance Improvement Grants. A fair and reasonable attendance accounting system serves the Administration's goal of providing students the best education possible and assuring school accountability. Current law provides for a fair and reasonable standard of measurement. Simply stated, a student must attend class a minimum of four hours to be considered in attendance. This interpretation of current law was recently confirmed by the Attorney General.

However, in the past, Department of Education regulations conflicted with the law and its intent by allowing school districts to meet the minimum day attendance requirement if a pupil was present for any part of the day. The 1992–93 Governor's Budget includes a \$20 million augmentation in order to assist school districts to comply with current attendance law requiring the accurate measurement and reporting of pupil average daily attendance. Any funds remaining after these requirements have been met may be used to further improve actual student attendance. Funding will be allocated on a per-ADA basis.

It is anticipated, that full compliance with the statutorily required attendance reporting procedures will result in substantial savings in ADA costs. The Governor's Budget reflects a savings estimate of \$100 million for 1992–93. Legislation will be proposed to ensure that the fiscal consequences of more accurate attendance reporting will not reduce the Proposition 98 guarantee.

Student Assessment System for California.

Schools can best improve when the education system is accountable for each child. The former California Assessment Program (CAP) was effective in providing information on school and district performance but did not provide information on individual students.

Legislation enacted in 1991 established a new statewide student assessment program. The new program will include individual student scores for students in grades 4, 5, 8 and 10, and end-of-course exams for secondary students. Comparison will be against statewide performance standards which will demonstrate how well each child has learned material included in the curriculum frameworks. The new program will also provide information on school and district performance. In 1991, \$10 million was appropriated to support development of the new exams and administration of prototypes of the new exams.

The 1992–93 Governor's Budget provides an augmentation of \$13.8 million for development of additional assessment instruments and for the first phase of statewide assessment program implementation.

Child Care and Development. The Governor's Budget estimates that California will receive \$76.5 million in Federal Child Care and Development Block Grant funds. Of these funds, \$57.4 million is for direct child care services and child care certificates (vouchers). The remaining funds are for improving the quality of child care and for before- and after-school programs.

Also, The Governor's Budget estimates that an additional \$36 million will be received from the federal Title IV-A Block Grant. These funds are received as matching funds for providing services to low-income families who are not receiving Aid to Families with Dependent Children and who need child care in order to work. The Department of Social Services is the agency designated to receive the Title IV-A funds. Since the Department of Education is currently serving this population, the two departments will work together to claim the federal reimbursement.

While federal funding is important to addressing child care and development needs, the state provides the bulk of the money for this purpose. The 1992–93 Governor's Budget includes \$474.9 million from the General Fund for child care and development, including preschool programs. In order to make preschool and educational services available to a greater number of children, yet maintain high-quality programs, the 1992–93 Governor's Budget proposes to change staff: child ratios for services provided to three- to six-year-olds through subsidized child development programs from 1:8 to 1:10.

Supplemental Grants. The 1992–93 Governor's Budget provides \$185.4 million to continue the Supplemental Grants Program, which was originally scheduled to sunset in 1991–92. The program, which was established in 1989–90 as part of the Proposition 98 implementation legislation, provides grants to districts that receive less than the average level of funding from existing state categorical programs. Supplemental grants are intended to help equalize categorical funding among school districts to better ensure that all California pupils have equal educational opportunities. Districts must use their grants to expand or implement one or more of the state's existing categorical programs.

Special Education. The primary goal of the Special Education Program, under both federal and state law, is to provide a free, specialized public education that meets the needs of disabled students as adequately as the needs of regular students are met. The 1992–93 Governor's Budget proposes a statutory increase of \$100.3 million for growth in special education instructional personnel service units, special education infant program units and other program areas. Table 4-4 displays expenditures for Special Education over a multi-year period, and the number of pupils served.

Table 4-4

Special Education Funding
(Dollars in Millions)

	<i>General Fund</i>	<i>Expenditures *</i>	<i>Number of Pupils</i>
1984-85	775.4	1,339.5	366,000
1985-86	878.7	1,482.4	375,000
1986-87	1,004.8	1,641.2	378,000
1987-88	1,086.7	1,765.9	380,000
1988-89	1,208.1	1,925.3	412,000
1989-90	1,310.4	2,073.7	432,000
1990-91	1,430.3	2,253.7	453,000
1991-92	1,484.6	2,343.2	472,000
1992-93	1,575.1	2,443.5	497,000
Percentage change			
1984-85 to			
1992-93	103.1	82.4	35.8

*Includes General Fund, local revenues, and federal funds.

The Governor's Budget also proposes an adjustment to the funding for special education programs and the Diagnostic Centers which will require the local educational agencies to pay the costs of the specialized assessment services. Reimbursement of these costs through the special education funding formula will be proposed in legislation.

School Breakfasts. Adequate nutrition is a necessary condition for effective learning. In accordance with this Administration's emphasis on preventive government, Governor Wilson signed legislation which requires the Department of Education to disseminate information on available federal and state funding of school breakfast programs for low income children. Accordingly, the budget proposes \$3 million for one-time startup grants as incentives to schools to offer breakfast programs to augment the existing, mandated lunch programs.

School Improvement Program. The School Improvement Program (SIP) in California is a nationally recognized program that encourages greater student achievement. At the local level, SIP has led to increased resources, higher expectations for students and teachers, more parent involvement, improved curriculum and instruction, additional staff development, and increased student achievement. Program funding is used by districts and schools to develop school improvement plans and to provide additional support to implement those plans. Independent program quality reviews are con-

ducted every three years to provide guidance for future school improvement efforts.

Funding assists public schools serving over 89 percent of pupils in grades K-6 and 29 percent of pupils in grades 7-12. The Governor's Budget includes \$13.1 million to fund statutory growth in the program for a total program of \$341.6 million in 1992-93. This is an increase of 4.0 percent over the 1991-92 funding level.

Partnership Academies Program.

The Partnership Academies Program provides vocational training and work experience to high school students at risk of leaving school. The local programs, built on school-business partnerships, provide a full complement of academic courses plus training that meets the needs of companies, thereby ensuring that students will have both academic educations and marketable skills. The Partnership Academies Program was expanded in 1988 to permit an increase in the funding level per academy and to establish additional academies. The 1992-93 Governor's Budget includes

\$2.3 million to augment the base funding of \$1.5 million to provide planning grants for 25 new academies and to provide full support for the 50 academies currently functioning throughout the state. Although statutory authority for funding of planning grants terminated July 1, 1991, the budget proposes continued funding for this purpose. The total General Fund amount proposed for funding in 1992-93 is \$3.8 million, a 149 percent increase over 1991-92. (There is additionally \$814,000 in federal funds available for this program.)

Educational Technology. The primary objective of this program is to improve the effective use of computers and other forms of technology in instruction by: providing resources for curriculum development to encourage the use of advanced technology in instruction; making available high quality programming; fostering equitable access to technology regardless of geographic, gender or socioeconomic differences; and providing staff training to ensure that available technology can be effectively used in the classroom. Although statutory authority for the existing program sunsets December 31, 1992, the budget continues the \$14 million funding level for 1992-93.

School Restructuring. The Governor's Budget provides \$28 million for grants to enable schools to plan the restructuring of their delivery of educational services in a manner which offers flexibility to do what is necessary to improve learning, while maintaining a high level of

accountability to parents and the community. This restructuring is intended to facilitate the delivery of education services in a manner which makes the education establishment accountable for its performance, rather than for its compliance with rules and procedures. In accordance with the authorizing legislation, these grants may not exceed a level of \$200 per pupil, and not more than 6 percent of the \$28 million may be spent for administration, outreach and technical assistance. In many cases, schools may be able to restructure with little additional funding beyond that already available, which includes School Improvement Program and other categorical funding. The amount appropriated assumes that the *average* grant will not exceed \$125 per pupil.

Desegregation Programs. The state provides funding to school districts for the costs of desegregation programs through the Court-Ordered and Voluntary Desegregation programs. The two programs are similar, but differ primarily in terms of what the state will pay for. Funding for both programs is modeled on the state mandate process by which districts make claims directly to the State Controller and claims are based on actual cost (as opposed to a formula). The State Controller has limited authority to audit, refuse or modify claims. State statute suggests, but does not constrain, uses of these funds.

While traditional desegregation programs are designed to integrate schools through voluntary busing or magnet schools, the majority of California's programs fall into the compensatory education category. Through compensatory education, program funds are used to reduce class size and purchase additional instructional materials as well as for counseling services, field trips and child care services. These programs are based on the concept that meaningful integration cannot be achieved through traditional programs when a school district is primarily composed of minority pupils.

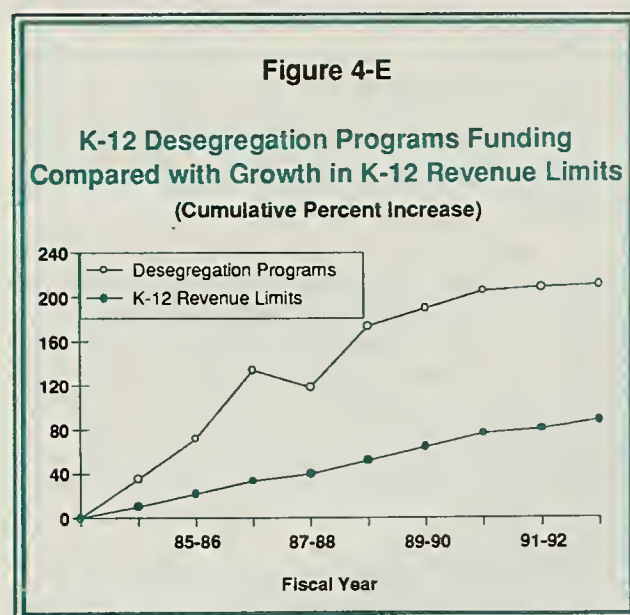
The 1992-93 Governor's Budget provides funding for 14 school districts under court order or consent decree and 46 districts (including 7 of the court ordered) which voluntarily participate in the program. In total dollars, desegregation programs are currently second only to special education among state categorical programs. School districts with court-ordered programs are reimbursed for 100 percent of base program costs and 80 percent of the costs of program expansion. School districts with voluntary programs are reimbursed for 80 percent of specified base year costs. Both programs also receive funding increases for growth in enrollment. These reimbursement rates, which require a 20 percent local match or less, have acted as a strong incentive for school districts to expand their desegregation programs. The 1992-93 Governor's Budget provides \$511.7 million for desegregation programs (see Figure 4-E): \$429.4 million for court-ordered and \$82.3 million for voluntary programs.

Teacher Compensation. Attracting and retaining high quality teachers is essential to the continued

improvement of our schools. Historically, the salaries of California teachers have been among the highest in the nation. The average salary for California public school teachers was \$39,118 in 1990-91—the fifth highest of the fifty states according to the American Federation of Teachers. Moreover, when teacher salaries are adjusted by interstate cost-of-living differences, California teacher salaries rank third in the nation. Beginning teacher salaries at \$24,570 are the fourth highest among the fifty states.

Staff Development for Teachers and School Professionals. State supported staff development provides the content knowledge and professional development essential for curricular or instructional improvement. In addition, it enhances teachers' success with the state's diverse student population and enriches the rewards and incentives that influence teachers' long-term commitment to teaching. The 1992-93 Governor's Budget provides \$121.7 million for staff development programs for teachers, an increase of \$20.3 million or 20 percent over 1991-92 funding levels. Program augmentations include the following:

- \$10 million for the Beginning Teacher Support Program. These funds will be used for programs which address problems of high attrition rates and inadequate preparation among beginning teachers.
- \$1.5 million for the Bilingual Teacher Training Program. This augmentation will enable the program to serve an additional 4,300 teachers annually through expansion of services at the existing 13 training centers and the establishment of 4 new training centers strategically located throughout the state. In addition, funds will be used to revise current training curricula to address the needs of teachers who are faced with diverse student populations.



- \$1.1 million for the Middle School Mathematics Renaissance Program to extend the existing program to an additional 100 schools and 200 teachers, and reduce the current teacher to coach ratio from 1:28.5 to 1:20. This expansion will allow the program to transition 600 teachers to new mathematics curricula over a three-year period.
- \$1 million for grants to local school districts for the purpose of joint collaborative collective bargaining training for management and labor in school districts. Joint training of the parties on collective bargaining has proven successful in assisting those involved to reach agreement in contract negotiations as well as to create and maintain more harmonious environments that are focused upon student needs and outcomes rather than adversarial relationships.
- \$2 million for the California School Leadership Academy to enable school districts to participate in an expanded program which will increase team leadership capacities of school administrators and teacher leaders, expand the existing programs for district superintendents to include assistant superintendents, and provide technical support to program participants related to curricular reform and school restructuring.
- \$4.2 million for statutory growth in staff development programs based on a projected 4.19 percent increase in enrollment.

Immigration Reform and Control Act. Approximately 1.6 million undocumented aliens have applied for temporary legalization status in California under the terms of the federal Immigration Reform and Control Act (IRCA) of 1986. Federal funds (known as State Legalization Impact Assistance Grant (SLIAG)) are provided to assist states and local governments with costs they may incur in providing public health, public assistance, or educational services to newly legalized persons. The State Department of Education is responsible for distributing SLIAG funds to local school districts, community colleges and community-based organizations to provide necessary educational services, primarily English-as-a-Second Language (ESL) and civics instruction.

These newly legalized persons must submit a new application for lawful permanent residency status within a specified period after having been granted temporary legalization. At the time of the interview for permanent residency, individuals who have been in the United States since 1982 must demonstrate to the Immigration and Naturalization Service (INS) that they meet naturalization standards with respect to having achieved a minimal understanding of basic English and the history and government of the United States, or that they are making satisfactory progress in an approved course of instruction. These individuals are given priority for available classroom space. As of June 1991, it is estimated

that over 535,000 certificates had been awarded for completion of the coursework needed for permanent residency.

Sufficient funding was provided in 1991–92 to ensure that all remaining priority students would receive instruction in order to satisfy the INS English and civics requirements. Additionally, to ensure that providers have sufficient funds to operate during the current year, the Governor's 1992–93 Budget reflects the authorized carry-over of \$14 million of 1990–91 education funds for that same purpose in 1991–92. Since 1987–88, when the IRCA program began, over \$389 million has been provided for educational services. However, due to a reduction in SLIAG grants nationwide, funding will not be available, except on a priority basis, to provide continued instruction for the amnesty participants in 1992–93.

Driver Training. Due to budget constraints, the 1992–93 Governor's Budget does not include funding for this program. The training is not a part of the public school core curriculum and is available outside the public school setting.

Tobacco Education Program. The 1992–93 Governor's Budget reflects a reduction of \$25 million in Cigarette and Tobacco Products Surtax Fund monies and 6.6 personnel years to provide resources for the Department of Health Services' Medi-Cal perinatal program for women. In the current year, a reduction of \$6.4 million is proposed.

K–12 School Facilities Program

Historically, public K–12 school districts had the primary responsibility for financing their own school construction. Financing resources were derived primarily from the sale of local general obligation bonds or loans from the state. The loans were provided from the proceeds of State School Building Aid bond sales, which districts repaid by levying additional property taxes. However, since the passage of Proposition 13 in 1978, the state has assumed the major financial responsibility for school construction needs.

Majority Vote on Local Bonds. To reverse that trend, the Administration supports an amendment to the constitution that would allow for local majority vote approval for general obligation bonds for school construction. Such a policy is part of the local/state restructuring effort that this Administration intends to pursue. However, since such a change cannot be voted on by the electorate until later this calendar year, the existing program will continue until such a change can be enacted.

State School Building Lease-Purchase Program. Under the State School Building Lease-Purchase Program, the State Allocation Board provides grant funds to local school districts for construction and reconstruction of schools. The main source of funding for this program

is revenue from the sale of state general obligation bonds (\$4.95 billion since 1982). Most recently, two bond measures, of \$800 million each, were approved by the voters on the June and November 1990 ballots. To further address school construction needs, the Administration supports an additional \$1.6 billion in general obligation bonds for 1992–93. Legislation enacted in 1986 included authority for districts to assess fees on new residential and commercial development for the purposes of school construction. Since 1987, over \$525.1 million in developer fees have been reported by districts as local matching funds for the Lease-Purchase Program.

Other school facility programs administered by the State Allocation Board include the Emergency Portable Classroom Program, and the State School Deferred Maintenance Program. Since 1984, over \$233 million has been provided for emergency portable classrooms and has resulted in the placement of 5,488 additional classrooms statewide. Legislation in 1991 authorized an increase in the annual amount paid by local education agencies to lease portable classrooms from the state from \$2,000 to \$4,000. This amount can be adjusted annually for inflation. This increase more accurately reflects the state's cost to provide portable classrooms to local education agencies. For the current fiscal year, the lease payments, totaling approximately \$23 million, represent a source of revenue to the General Fund. The 1992–93 Governor's Budget proposes continuing the lease payments as a source of revenue to the General Fund.

During this same period, the State Allocation Board also provided over \$614 million to districts for deferred maintenance projects. The 1992–93 Governor's Budget proposes an additional \$23 million General Fund for deferred maintenance. The total funding for deferred maintenance is estimated to more than meet the one-half percent suggested level in current law, for the first time.

Interest on State School Construction Funds. In addition to the portable classroom lease payments, the 1992–93 Governor's Budget proposes a transfer of approximately \$20 million from the State School Building Lease-Purchase Program to the General Fund. The amount of the transfer represents an amount equal to the interest earned by school districts on state school construction funds between 1982 and 1988. The interest earnings are intended to offset the debt service paid by the state on school facilities general obligation bonds.

Year-Round Schools. Legislation in 1986 also authorized incentive payments to school districts operating on a year-round school (YRS) basis. These payments were intended to encourage the use of existing facilities to reduce the demand for new school construction. Because that intent was not being met, 1990 legislation repealed the existing program and implemented two new YRS grant programs. The first program will provide one-time implementation grants to assist school districts in converting to multi-track YRS, while the second program will provide ongoing grants for the operation of

multi-track YRS programs based on increased utilization of existing school facilities. A major component of this legislation requires a reduction to a district's eligibility for new school construction funding if it receives operations grant funds. The 1992–93 Governor's Budget, which proposes \$8.2 million for the implementation grants and \$44.3 million for the operations grants, reflects a more realistic cost-avoidance model for operating schools year-round, in lieu of building new school facilities, resulting in an operations grant savings of \$17.7 million.

State Contributions to the State Teachers' Retirement System

The State Teacher's Retirement Fund had an unfunded liability of \$13.5 billion in July 1983. The state has consistently funded the contribution required by 1979 legislation to eventually retire the unfunded liability. The unfunded liability has been reduced to \$10.9 billion due to this increased contribution together with a successful investment program. Consistent with Governmental Accounting Standards Board objectives to reduce or eliminate intergenerational transfers of pension expenses, 1990 legislation repealed the 1979 enacted contributions effective 1991–92 and replaced them with a General Fund contribution based on 4.3 percent of prior year member payroll. Subsequently, 1991 legislation required payment of the contribution in four quarterly transfers instead of a single annual transfer. The Governor's Budget proposes an appropriation of \$515 million General Fund for the 1992–93 fiscal year.

Teacher's Retirement Fund Portfolio Growth.

Legislation enacted in 1982 required that the investment management of the Teachers' Retirement Fund be separated from the Public Employees' Retirement Fund by July 1, 1983. This required that the State Teachers' Retirement System establish the staff and structure to manage its \$10.9 million portfolio. This structure is now in place and the portfolio has grown to \$31.5 billion market value (\$35.0 billion book value) as of June 30, 1991. For the five-year period ending September 30, 1991, the Teachers' Retirement Fund's average annualized rate of return on investments was 11.8 percent, and the fund continues to be in the top quartile of return on investments for pension funds of over \$1 billion.

Purchasing Power Protection. Retired teachers have received an annual two-percent increase in their benefits to compensate for inflation since 1973. Despite this increase, many teachers have experienced a reduction in their ability to purchase goods and services with their fixed incomes. Legislation enacted in 1989 established a permanent funding mechanism intended to maintain retired teachers' purchasing power at a minimum of 68.2 percent.

The Governor's Budget proposes a General Fund appropriation of \$189.7 million and \$3.1 million in state lands royalties for transfer to the Purchasing Power

Account within the Teachers' Retirement Fund. The proposal will benefit an estimated 59,000 retired teachers.

To maintain the capacity of the State Teachers' Retirement System to efficiently meet the needs of its members, the Governor's Budget proposes an increase of \$1.6 million and 22 positions. This augmentation will: address workload and cost increases in survivor, disability and other benefits, pre-retirement counseling, and in the legal office; reconfigure existing office space; pilot a computerized system to improve and expedite the calculation of survivor benefits; and monitor the accuracy and integrity of employer reporting.

Revenues From Federal Lands. Pursuant to proposed federal legislation, California will receive an estimated \$45 million during 1992–93 in revenues from the Elk Hills Naval Petroleum Reserve, which is located on school lands. Under existing law, these funds would transfer to the Teachers' Retirement Fund, and would be used to provide purchasing power protection. Because a funding mechanism now exists which assures that the purchasing power of retired teachers will not be further reduced, the Governor's Budget proposes that the Elk Hills revenues remain in the General Fund as a partial offset of existing required General Fund contributions to the Teachers' Retirement Fund.

Commission On Teacher Credentialing

The Commission on Teacher Credentialing (CTC) was established in 1970 to ensure excellence in education through the administration of the credential program for public school teachers. In addition, the CTC has responsibility for the review and approval of teacher preparation programs in public and private colleges and universities, and for the establishment of standards for teacher education and training.

The 1992–93 Governor's Budget proposes expenditures of \$14.3 million and 127.3 personnel years for the CTC. Budget adjustments for 1992–93 include:

- \$648,000 and 1.4 personnel years to provide grants to local school districts to establish the Paraprofessional Teacher Training Program. This program will create a career ladder that enables school paraprofessionals to become certificated classroom teachers. The program was established in response to teacher shortages, with the intent of diversifying the teaching profession, improving the instructional services that are provided by school paraprofessionals, and to establish an innovative model for teacher education.
- \$415,000 and 5.5 personnel years to handle increased workload related to standards for and evaluations of adult and vocational education programs, to administer new, small-volume subject matter examinations, to address workload for emergency teaching permits, and for Professional Standards workload.

- \$92,000 and 0.9 personnel year to address workload to support the Accreditation Advisory Council.

Intersegmental Programs

Intersegmental programs represent collaborative efforts between two or more segments of public education in California to improve different aspects of education in the state. Intersegmental programs are primarily designed to enhance student academic preparation for college attendance, and enhance the student transfer program. In the past decade, there has been an increased effort among the educational segments to cooperate on those programs and policy areas that affect student access to and flow through the system. Examples of intersegmental programs that are in place include programs designed to enhance student academic preparation for college attendance; intersegmental teacher preparation programs; programs designed to improve the curriculum; and programs designed to enhance student transfer.

This year's budget contains funding to support new and continuing activities in student outreach and preparation, transfer and articulation, and teacher preparation and curriculum and is based on recommendations from the Intersegmental Budget Task Force. The task force is composed of senior policy and budget representatives from the four public segments of education (K–12, Community Colleges, California State University, and University of California). Budget year augmentations of \$30.3 million are proposed, including:

- \$24 million to provide grants to local school districts to participate in subject matter projects. Subject matter projects represent a significant and comprehensive effort to establish and maintain a statewide, discipline-based professional development system for California's public schools and teachers. Projects provide opportunities for teachers to enhance their content knowledge through intensive, long-term interaction with postsecondary faculty, other public school teachers, key texts, and relevant research; acquire, critique and share exemplary teaching practices with a focus on teaching children from different ethnic/racial/linguistic backgrounds; become skilled in teaching other teachers better ways of teaching and improving curriculum; and advance teacher leadership opportunities in schools, districts, and professional organizations throughout the state.
- \$1 million is provided to make teacher preparation programs in higher education more responsive to the needs of K–12 schools through a partnership to restructure teacher education programs. Similar efforts have been successful in implementing reform in teacher education from this unique perspective of schools of education, subject matters and local school districts.

Recent information indicates that 16 percent of white students and 32 percent of Asian students are eligible for

Table 4-5

Lottery Revenues
(Dollars in Millions)

	1990-91	1991-92 ²	1992-93 ³
K-12 education	\$620.39	\$484.77	\$484.77
California Community Colleges	97.06	75.84	75.84
The California State University	33.22	25.96	25.96
University of California	18.58	14.52	14.52
Hastings College of the Law	.16	.12	.12
California Maritime Academy	.05	.04	.04
Department of the Youth Authority	.75	.59	.59
Department of Developmental Services	.60	.47	.47
State Special Schools	.12	.09	.09
Undistributed revenues ¹	32.18	—	—
Total	\$803.11	\$602.40	\$602.40

¹ Unclaimed prize revenues which have not yet been distributed to departments.

² Based on Lottery Commission projections.

³ The Lottery Commission does not make projections beyond the current year; therefore, the 1992-93 estimated Lottery revenues are held constant from 1991-92.

admission to the University of California upon graduation from high school while only 5 percent of Hispanic and 4.9 percent of African American students are eligible. Similar low eligibility and participation rates are also found in the California State University system. Early intervention and support services such as academic counseling and tutoring increase underrepresented students' chances of entering and successfully completing college.

- \$3.7 million to provide services which result in increased participation rates of underrepresented groups in higher education. This augmentation will fund the following: \$1.1 million for the Advancement via Individual Determination (AVID) Program to establish projects in ten regions with a maximum of 250 schools participating; \$1.1 million for 25 additional sites for the Mathematics, Engineering and Science Achievement (MESA) Program to increase the number of students from historically underrepresented backgrounds who graduate with a baccalaureate degree in these fields; \$640,000 for the California Academic Partnership Program (CAPP) which fosters partnerships between school districts, colleges and universities to improve course comprehension, academic preparation, and access for middle and high school students to earn four-year college degrees; \$500,000 for the California Student Opportunity and Access Program (Cal-SOAP) which serves to

improve and increase the accessibility of postsecondary education to secondary school students through a consortial approach (these funds are included in the California Student Aid Commission budget); and, \$400,000 for the College Readiness Program (CRP) to raise the interest level and competence in math and English of underrepresented students to enable them to qualify for college preparatory math and English courses.

- In the California Community Colleges' budget, augmentations of \$1.6 million are proposed for the following programs: The Puente Program, established to assist the writing skills of Hispanic transfer students, will receive an increase of \$350,000. In addition, Project ASSIST, which was established to help transfer students by implementing a better course numbering system and an improved transcript evaluation mechanism, will receive a \$325,000 augmentation. Furthermore, \$489,000 is being provided for the Mathematics, Engineering and Science Achievement/Minority Engineering (MESA/MEP) Programs and \$290,000 is included for a three-year demonstration program for five Migrant Education Teacher Preparation Projects. Finally, \$100,000 is provided for joint faculty projects with the other higher education segments for the development of faculty and the improvement of curriculum.

Lottery

The Lottery Initiative, as approved by California voters in November 1984, provides that 50 percent of the proceeds from lottery ticket sales be paid out as lottery prizes and that no more than 16 percent of the proceeds be used for administrative costs. The remainder of the proceeds (at least 34 percent of the total) is placed in a special fund, known as the California State Lottery Education Fund, to be used for public education. Typically, the amount going to education has been 36 percent to 38 percent of the total proceeds.

Since it began generating revenues in 1985, the California lottery will have provided approximately \$6 billion through 1992-93 for public education in California including K-12 and higher education. Funding is distributed to local school districts based on attendance. Funding also is provided to state agencies which provide direct elementary and secondary instruction and to institutions of higher education. Table 4-5 provides information on lottery revenues from 1990-91 to 1992-93. Quarterly

disbursements are made by the State Controller's Office directly to county treasurers and eligible state programs, with no further control of the funds by the state.

The Lottery Commission reported declining ticket sales in 1990-91 attributable in part to the slowing economy and in part to a drop in consumer interest in Lotto. With the appointment of a new Lottery director, many changes have been made to boost declining ticket sales. In November 1991, the Lottery Commission approved a new game plan designed to bolster revenues. Although these changes are expected to increase the Lottery funds available to K-12 education, because of a number of variables, the Lottery Commission has not opted to revise the lower revenue projections for 1991-92 and 1992-93.

The California State Lottery has provided over \$3.9 billion to K-12 education since 1985 and is expected to generate over \$485 million in 1992-93 for California's public schools. This amounts to approximately \$93 per California pupil. The funds are used to augment, rather than replace, funds already allocated for public education, and schools have wide discretion as to how lottery money is spent. For 1989-90, the latest year for which sample data are available, K-12 schools spent 74.2 percent of their lottery money on salaries and benefits, 8.1 percent on books and supplies, 8.7 percent on services such as staff development and field trips, 8.4 percent on instructional and playground equipment, and 0.6 percent on other expenditures.

Higher Education

In this decade of the 90s, let us expand California's horizons. Let us make California our gift to the Class of 2000, and make the Class of 2000 our gift to the 21st century. Let us aspire to nothing less. Let us settle for nothing less.

Governor Pete Wilson
January 1991

Commitment to higher education has been a tradition in California. In 1990-91 (the latest year for which data were available), California ranked 10th in state funding per person (based on total state population) for higher education (including community colleges), spending \$205 per person versus the national average of \$164 (based on data from the "Chronicle of Higher Education Almanac, 1991").

This budget provides the funding necessary to maintain full access for students eligible for the California University and College system. Budgets for the institutions provide new funding for enrollment and annuitant benefits. Student fee levels will be determined by the institutions, which will be allowed to use the fee revenues as they choose to maintain their budgets.

While the institutions will use some of their fee revenues for student financial aid, no adjustment is proposed for the Student Aid Commission's Cal Grant program to cover the increased fees.

The 1992-93 Budget proposes \$34.2 million for new enrollment growth of 5,300 full-time equivalent (FTE) students in the four-year public institutions, and \$155.4 million for 60,976 additional FTE students in the Community Colleges (see Table 5-1). Even with the likely increase in resident student fees, California fees would compare favorably with fees in other states (see Figures 5-A, 5-B and 5-D).

From 1991-92 to 1992-93, funding for public higher education will have increased by \$480 million (see Table 5-2). The number of students receiving grants from the Student Aid Commission to attend public and private institutions will increase to 79,273, or 180 over 1991-92.

The 1992-93 Governor's Budget proposes a total of \$548.1 million in higher education for the Capital Outlay program. Projects proposed in 1992-93 will continue construction, renovation and expansion of classrooms, laboratories and libraries on Community College, California State University and University of California campuses throughout the State. This level of expenditure

Table 5-1
Higher Education
Full Time Equivalents (FTE)

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
University of California	133,705	136,928	141,776	145,983	150,020	152,863	154,101	150,210 ¹	152,910
Calif State University.....	242,295	248,025	252,331	257,839	267,451	272,608	278,502	270,050 ²	272,650
Community Colleges.....	732,244	721,223	743,143	771,610	795,659	817,205	842,155	860,710 ³	921,686
Hastings.....	1,494	1,463	1,466	1,341	1,341	1,347	1,325	1,278 ³	1,270
Maritime Academy	441	406	352	337	358	376	400	400 ³	430
Total Students	1,110,179	1,108,045	1,139,068	1,177,110	1,214,829	1,244,399	1,276,483	1,282,648	1,348,946

¹ Budgeted. Estimated Actual 1991-92 enrollment is 155,000.

² Estimated.

³ Budgeted.

Table 5-2

Higher Education Expenditures
General Fund, Lottery Funds, State School Fund,
Local Revenues and Student Fees

(Dollars in Millions)

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
University of California ¹	1,713.3	1,947.8	2,073.2	2,230.5	2,367.1	2,560.5	2,626.0	2,700.4	2,820.3
California State University.....	1,428.2	1,541.7	1,628.9	1,735.3	1,830.9	2,015.6	2,065.1	2,075.3	2,097.7
California Community Colleges.....	1,929.3	2,246.9	2,237.1	2,419.4	2,654.8	2,860.0	3,129.0	3,232.8	3,560.8
Student Aid Commission.....	90.8	105.8	112.1	118.1	129.2	152.6	160.7	173.1	175.1
Other Higher Education ²	45.9	48.3	45.9	62.9	59.5	92.4	94.4	121.4	129.8
Total Funds.....	\$5,207.5	\$5,890.5	\$6,097.2	\$6,566.2	\$7,041.5	\$7,681.1	\$8,075.2	\$8,303.0	\$8,783.7

¹ For purposes of this table, expenditures for the University of California have been adjusted to include student fees and other offsetting income. This provides consistency in comparing magnitudes and growth among the various segments of education.

² The Other Higher Education amount includes General Obligation Bond Interest and Redemptions and Interest on PMIA Loans for UC, CSU and HCL; California Postsecondary Education Commission; Hastings College of the Law; and California Maritime Academy.

includes proposed General Obligation bond funds of over \$369 million and lease revenue bonds of approximately \$179 million.

University of California

The University of California (UC) is a preeminent institution of learning, internationally renowned for the quality of its academic programs and the distinction of its faculty. UC was founded in 1868 as a public, state-supported land grant institution. There are currently nine campuses located throughout the State. All of the campuses offer undergraduate, graduate, and professional education; one campus, at San Francisco, is devoted exclusively to the health sciences. The California Master Plan for Higher Education designates UC as the primary state-supported academic agency for research with exclusive jurisdiction in public higher education over instruction in law and graduate instruction in medicine, dentistry, and veterinary medicine. Sole authority is also vested in UC to award doctoral degrees in all fields, except those where joint doctoral degrees with the California State University may be awarded.

The primary objectives of the 1992-93 Budget are to maintain both the quality of UC programs and student access under difficult fiscal circumstances. Major changes for 1992-93 are as follows:

- The 1992-93 General Fund budget for UC is essentially the same provided by the Budget Act of 1991, with the following additions: \$17.2 million is provided for enrollment increases for undergraduate, graduate,

and health sciences graduate academic students; and \$7 million is provided for the increased cost of annuitant health benefits.

- Student fees at UC will be increased by \$550 per year, or 24 percent. Income from the fee increase will be utilized to help fund the UC budget in order to maintain program quality.
- State-supported research funding from the California Water Fund (\$100,000) has been eliminated and research funding from the Cigarette and Tobacco Products Surtax Fund has been reduced by half (\$11.9 million) due to the pressing needs for these funds for drought relief and state-supported medical care, respectively.

Student Enrollment. There has been a steady increase in demand by eligible applicants for admission to the University. For 1992-93, \$17.2 million and 160 faculty positions are proposed to accommodate an additional 1,500 FTE undergraduates, 1,100 general campus graduate students, and 100 health sciences graduate academics. These additional 2,700 FTE students represent an increase in enrollment of 1.8 percent over 1991-92, and will bring total budgeted FTE enrollment to 152,910. This total includes 141,200 FTE students at the general campuses and 11,710 FTE students in the health sciences.

Research. Faculty at the University of California engage in three major activities: instruction, research, and public service. These activities are closely interwoven and mutually beneficial. For example, new research programs have created whole new industries such as

microelectronics and biotechnology, and promise major contributions to the state's economy in the future. Furthermore, UC research efforts address immediate concerns of California in areas such as AIDS, earthquake engineering, toxic substances and renewable natural resources. The 1992-93 Budget includes general purpose research funding of \$178.3 million.

Student Fees. For 1992-93, a 24 percent increase of \$550 is proposed in systemwide fees, which will raise the total of systemwide and miscellaneous campus fees for a full-time undergraduate resident student from \$2,486 currently to \$3,036 in 1992-93. Proposed UC fee levels compare favorably with 1991-92 undergraduate resident fees averaging \$3,231 at four public institutions that are used for salary comparison purposes (see Figure 5-A). Increasing UC fees by 24 percent is expected to provide additional revenue of \$60 million after additional financial aid is provided for needy students and after fee-funded programs are adjusted for inflation.

Student Financial Aid. UC awards financial aid to needy students based on a national standard that takes into account such factors as parent and student income, parent and student assets, size of family, number of family members in college, and extraordinary medical and other expenses. In 1990-91, an estimated 75 percent of dependent undergraduate students at UC who received state financial aid came from families with

annual incomes of less than \$30,000. For 1992-93, an additional \$19.3 million will be directed to financial aid for students who cannot afford the fee increase.

Merit Salary Increases. Merit salary increases are provided for UC faculty who were awarded a merit increase in 1991-92 with funding deferred to 1992-93. In addition, regular merit increases are funded for UC faculty and staff in 1992-93.

Lottery Fund Expenditures. UC lottery revenues and expenditures for 1992-93 are estimated at \$14.5 million. In the current year, UC is using its \$14.5 million allocation of lottery funds by budgeting \$8.8 million for instructional computing, \$4.3 million for instructional support, and \$1.4 million for reduction of the backlog of obsolete instructional equipment.

Capital Outlay. A key element in insuring the continued excellence of the University has been increased funding for capital improvements to recognize both a serious shortage of space related to long term enrollment growth and technological or functional obsolescence of existing space.

The funding has supported construction, renovation, and expansion of classrooms, laboratories and libraries as well as projects to renew infrastructure on the campuses and meet life safety requirements.

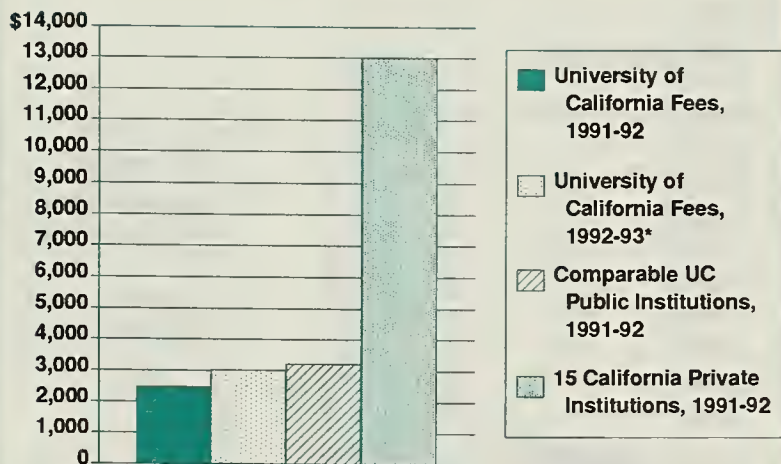
The 1992-93 Budget proposes a total of \$232.6 million for the University's capital outlay program, which includes nine fire/life safety, 40 instructional related and seven ancillary/utility projects in support of instructional related facilities.

Among the principal construction projects proposed are the following:

- The College of Chemistry, Unit III at Berkeley,
- A social sciences and humanities building at Davis,
- Renovation of Engineering, Unit 1 at Irvine,
- Renovation of a chemistry and biological sciences facility at Los Angeles,
- An Engineering Sciences Building, Unit 1 at Riverside,
- An Engineering Building, Unit 2 at San Diego,
- Library release space renovation at San Francisco,
- A biological sciences and psychology building renovation at Santa Barbara,
- Colleges Nine and Ten academic facilities at Santa Cruz.

Figure 5-A

**University of California
Comparison of Resident Fee and Tuition Levels
at Comparable Universities
and California Private Institutions**



*Assumes no increase in student-imposed fees

California State University

The California State University (CSU) enrolls over 366,000 individual students and is the largest four-year system of higher education in the nation. CSU awards about 53,000 baccalaureate and graduate degrees annually.

The 1992-93 Budget essentially continues the same level of General Fund support as provided by the Budget Act of 1991, with the following additions:

- \$17 million in new General Fund is provided for the enrollment of an additional 2,600 full-time equivalent (FTE) students.
- \$1.1 million is provided for the increased cost of annuitant benefits.

The general approach of the 1992-93 Budget is to permit CSU the opportunity to explore new and creative ways to manage resources in order to produce greater efficiencies and better serve the students, faculty and staff. This approach incorporates the following:

- The 1992-93 fiscal year is considered a transition year for budgeting purposes. For this reason, the usual budget detail has not been included. Additional information will be available in the Spring after the Trustees have had an opportunity to determine their priorities.

It is expected that, prior to the 1993-94 Budget preparation period, the Board of Trustees will develop a different budgeting methodology which will permit, among other things, greater flexibility in the local management of resources. Concurrent with the new budget methodology will be a new method of accountability.

- Inasmuch as the 1992-93 Budget essentially maintains the same General Fund resource level as 1991-92, it should be noted that funding for merit salary adjustments is not provided.
- The Governor's Budget proposes that the funds reappropriated in 1992-93 from prior year general support savings be available to the Board of Trustees for expenditure at their discretion.

Fee Increases. In order to permit the CSU to maintain quality and access, the Administration supports CSU's proposal that the State University Fee for 1991-92 not be adjusted downwards for 1992-93 through elimination of the 1991-92 surcharge, and further that the Trustees be authorized to impose a fee increase up to 40 percent above the 1991-92 level.

Commensurate financial aid would be provided within the State University Grant program. Specific legislation would be required to implement this proposal.

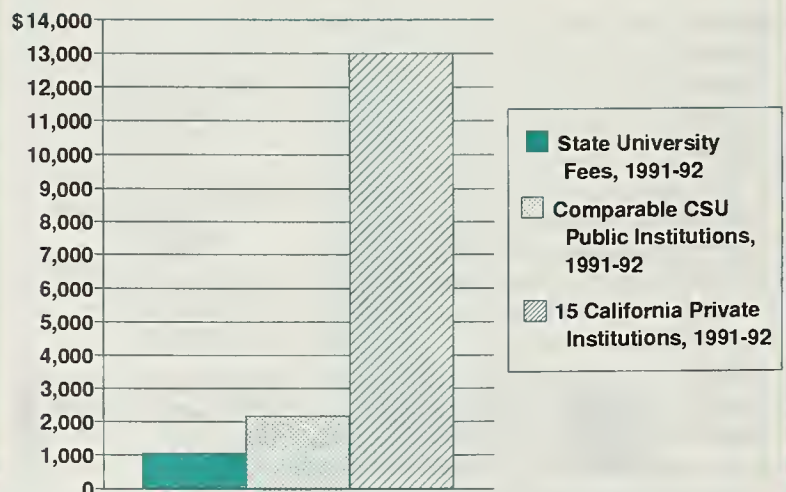
Figure 5-B shows CSU's current fees compared to the average of comparable institutions and selected private institutions in California. The maximum 40 percent fee increase would raise CSU's 1992-93 fees to \$1,451 for a full-time student (\$1,310 systemwide fee plus \$141 estimated campus fees), which would still compare favorably to the 1991-92 average at comparable institutions, which is \$2,168.

The additional fee income would be expended at the discretion of the Board of Trustees and would not further offset General Fund expenditures. This fee increase would provide fiscal support for maintaining the quality of the current educational offerings and for providing sufficient classes and related academic services (library books, instructional equipment, etc.) to achieve the Trustees' 1992-93 enrollment target of 272,650 FTE students.

Lottery Funds. Lottery expenditures for 1992-93 are expected to be nearly \$26 million. CSU allocates funds to a dozen different programs in priority areas, based on consultation involving the campuses, the Academic Senate and CSU students.

Figure 5-B

California State University Comparison of Resident Fee and Tuition Levels at Comparable Public and California Private Institutions



Capital Outlay. Long-term enrollment growth in the California State University system is being met by increases in capital construction. This effort is aimed at both the renovation and modernization of existing facilities and the construction of new buildings.

For 1992–93 the proposed funding level is \$214.1 million. These funds will be used to fund a variety of projects including 10 fire/life safety, 63 instructional related, and 20 ancillary/utility projects in support of instructional related facilities.

Among the principal construction projects are the following:

- Renovation of the applied arts and sciences facilities at Long Beach,
- An engineering addition at Northridge,
- A health, physical education, and classroom building at San Bernardino,
- The Performing Arts Center, a dairy science facility, and a poultry science project at San Luis Obispo,
- Capital improvements to the Imperial Valley Campus of San Diego State University,
- Retrofitting of a variety of projects to correct seismic deficiencies,
- Renovation of boilers on various campuses to satisfy environmental requirements.

California Community Colleges

The California Community Colleges (CCC), the largest postsecondary education system in the nation, serve 1.5 million students with an annual budget of approximately \$3.6 billion.

The CCC system is comprised of 71 districts with 107 campuses statewide. The Community Colleges provide an excellent and affordable opportunity for students seeking lower division degrees and certificates in the arts, sciences and occupational fields. Remedial and basic skills instruction are also important functions of the colleges. The Community Colleges provide a broad array of educational services including the following:

- Core education for transfer to four-year colleges
- Two-year degree programs (primarily vocational)
- Employment certificate programs
- Allied programs with business and government
- Basic skills programs and continuing education
- Community services programs

As Table 5-3 shows, total funding for the California Community Colleges in 1992–93 is \$3.6 billion. Figure 5-C shows the funding sources and their proportionate contribution to the colleges.

Apportionments. The Proposition 98 guarantee is proposed to be fully funded in 1992–93 providing significant resources for apportionment programs.

The Governor's Budget proposes an augmentation of \$155.5 million to support a 6.95 percent growth in funded full-time equivalent students (FTES). Of this amount, \$44.9 million will fund a 1.95 percent increase to keep pace with the change in the state's adult population. The remaining \$110.6 million will provide an additional 5.0 percent FTES growth to fund students currently served but unfunded. Budget Act language will be included to provide that some of these funds will remain in districts' subsequent base revenues only if they meet certain performance standards adopted by the Chancellor's

Table 5-3
Significant Revenue Sources for Community Colleges
(Dollars in Millions)

<i>Source of Funds</i>	<i>1984–85</i>	<i>1985–86</i>	<i>1986–87</i>	<i>1987–88</i>	<i>1988–89</i>	<i>1989–90</i>	<i>1990–91</i>	<i>1991–92¹</i>	<i>1992–93¹</i>
State General Fund.....	\$1,165.0	\$1,233.9	\$1,285.2	\$1,373.6	\$1,516.4	\$1,631.5	\$1,792.7	\$1,814.0	\$1,999.6
Lottery Fund.....	—	85.4	57.4	96.8	126.9	122.4	97.1	75.8	75.8
Local Property Taxes	432.2	497.6	544.9	603.9	654.6	715.7	791.0	844.3	947.4
Student Fees ²	62.6	66.1	67.0	65.4	66.2	67.2	72.2	87.9	88.8
Other State Funds.....	14.0	86.5	8.3	17.3	9.7	14.1	6.5	7.5	7.5
Local Miscellaneous.....	234.6	258.8	259.0	250.2	272.0	300.1	360.5	394.3	432.7
Local Debt Service	20.9	18.6	15.3	12.2	9.0	9.0	9.0	9.0	9.0
TOTAL REVENUE.....	\$1,929.3	\$2,246.9	\$2,237.1	\$2,419.4	\$2,654.8	\$2,860.0	\$3,129.0	\$3,232.8	\$3,560.8

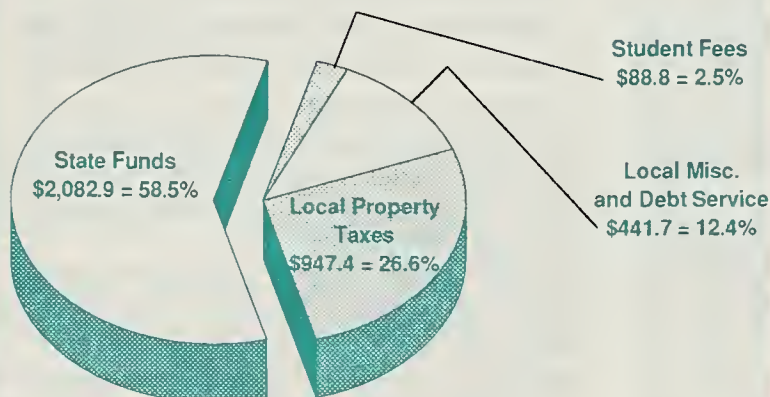
¹ Estimated

² Excludes fees paid with BOG grants which are included in the General Fund amounts.

Figure 5-C

**Revenue for Community Colleges
Source of Revenues**

(Dollars in Millions)



fund all base FTES and the 6.95 percent FTES growth proposed by the Administration. Furthermore, should local revenues be more than estimated, this reserve will help protect the state against an over-appropriation of General Fund monies counted toward the Proposition 98 guarantee.

Local Revenue. Local property tax revenues in 1992-93 are projected to increase by \$93.5 million or 10.9 percent over the level included in the 1990 Budget Act. Included in the increase is a \$47.7 million shift of local property taxes from Enterprise Districts to community college districts.

The enrollment fee level for resident students is expected to remain at the same level as 1991-92 and the legislation needed to accomplish this will be addressed by the Chancellor's Office. The enrollment fee of \$6 per unit (\$60 per semester maximum) results in a maximum fee level of \$120 per year which is very affordable and far less than the annual nationwide average fees of \$1,053 for community colleges during 1991-92 and much less than the \$440 fees of the state with

Office. To permit additional access to the growing numbers of students seeking community college enrollment, the 1992-93 Governor's Budget proposes continuation of \$14 million to fund additional FTES in basic skills courses.

In addition to growth, other significant augmentations are included for apportionments. The Governor's Budget includes \$37.5 million to fund a 1.5 percent cost-of-living adjustment (COLA) for the apportionments program. This COLA level is consistent with that included for K-12 apportionments. In addition, \$50 million is included as Program Improvement Funds to help districts fund workload standards of the new Program Based Funding mechanism that became effective in the current fiscal year. The \$50 million consists of a \$41.3 million augmentation plus an \$8.7 million shift from the Deferred Maintenance Program. With this \$50 million, districts can address their greatest needs in deferred maintenance, instructional equipment or other workload areas according to their own priorities. Other augmentations include \$4.4 million to increase educational services to clients in the Greater Avenues for Independence (GAIN) Program and \$8.5 million for district debt service on revenue bonds.

Reserve. For 1992-93, an apportionment reserve of \$10 million is proposed. Should local revenues be less than estimated in the Governor's Budget, this will provide the alternative source of revenue needed to fully

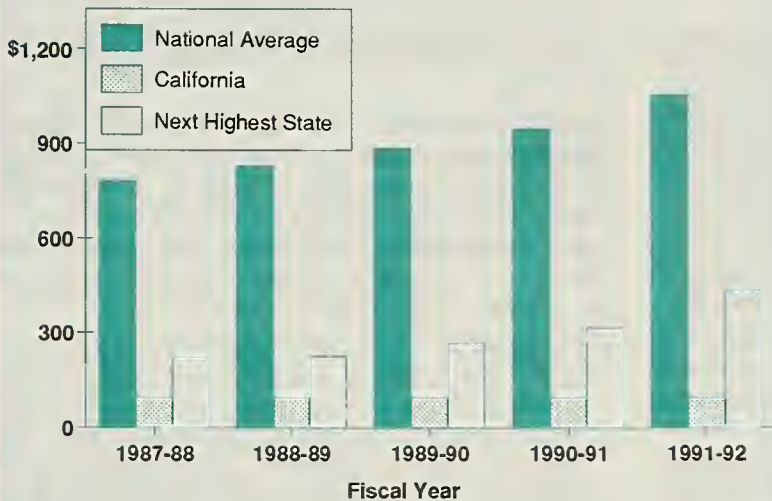
the next highest level. Figure 5-D compares California's annual enrollment fees to the annual average fees nationwide and for the next highest state from 1987-88 through 1991-92. Even at the current fee level, fee revenues would increase by \$7.3 million due to an increase in enrollments for the current as well as the budget year.

Matriculation. Currently, \$39.2 million is provided annually for matriculation services for new and continuing Community College students who enroll in transfer, occupational, and basic skills courses. Matriculation is a six-component program of admissions, orientation, assessment, counseling, follow up, and evaluation designed to ensure student access and success. With these new funds, Community Colleges can monitor student progress and assist students in achieving their educational goals of transfer and/or employment. For 1992-93, an additional \$2.7 million will be provided for growth at the 6.95 percent FTES growth rate for general purpose apportionments. This will permit matriculation services to keep pace with the increasing number of Community College students.

Student Access and Success. In addition to Matriculation, the Community Colleges provide a number of related special programs and services for unique populations of students. Disabled Students Programs and Services (DSPS) assists students with disabilities to realize their educational goals through special accom-

Figure 5-D

**Resident Tuition and Required Fees
Community Colleges
(Average Fees)**



Source: Higher Education Coordinating Board, State of Washington.

modations, such as interpreters, notetakers, readers, and adapted computer technologies. Extended Opportunity Programs and Services (EOPS) and Cooperative Agency Resources for Education (CARE) target low-income and single parents who need financial aid, specialized outreach, child care, counseling, and support.

For 1992-93, the Governor's Budget includes a \$3.7 million augmentation for growth in EOPS and a \$2.2 million augmentation for DSPS growth at the 6.95 percent growth rate for apportionments. This will permit services to keep pace with the increasing number of Community College students and help restore program purchasing power. In addition, the CARE program will receive a \$1.7 million augmentation to increase the level of services to recipients and also expand the program to new Community College districts.

Intersegmental Programs. The Governor's Budget also includes \$1.6 million for various intersegmental programs to help students achieve success in transferring to four-year institutions. The specific Community College programs funded are described in the Elementary and Secondary Education section.

Accountability. A critical element of the comprehensive accountability reporting system was put in place in 1986 with the initiation of the statewide Management Information System to gather data on Community Col-

lege effectiveness. In 1989-90, \$6.4 million was provided on a one-time basis for Phase I, which involved district reporting of data on student characteristics and courses offered.

For 1992-93, \$6.5 million is provided on a one-time basis for implementation of Phase II which will collect data on faculty characteristics and transfer, vocational, and basic skills programs.

Toxic Substances and Asbestos Abatement. To reduce exposure to hazardous substances within the Community Colleges, the Governor's Budget continues the \$8 million from the General Fund for removal and containment of hazardous substances (primarily asbestos, PCBs, and underground tanks). In addition, \$5 million is targeted from the proposed 1992 Higher Education Capital Outlay Bond Fund for abatement of severe asbestos. These funds will assist the Community Colleges in assessing the hazards of particular sites and treating the most hazardous problems.

Lottery. Lottery revenues for the Community Colleges are expected to be \$75.8 million in 1991-92 and the same amount in 1992-93. These

amounts represent the latest estimate of revenues from the Lottery Commission and are a significant reduction from the estimate contained in the 1991 Budget Act when the lottery revenues for 1991-92 were estimated to be \$95.2 million.

The Lottery proceeds for the Community Colleges are allocated to colleges based on each district's annual ADA. Quarterly disbursements are made directly from the State Controller's Office to County Treasurers, with no further control of the funds by the State. The funds must be used exclusively for the education of students.

Capital Outlay. As enrollment and participation in the California Community Colleges continues to expand, the need for capital outlay expenditures continues to grow. Because the capital program for the California Community Colleges was altered in 1991-92 due to the failure of the November 1990 bond measure, a greater portion of projects proposed in 1992-93 are in the initial planning stage. Therefore, the distribution of total proposed higher education capital funding is lower in 1992-93 for the Community Colleges but should be comparable to the amounts for the other participating segments over the two-year bond expenditure period ending in 1993-94.

In 1992-93, \$101.4 million is proposed to meet fire and life safety, capacity, and access needs of the campuses.

For the 127 proposed projects in 1992–93, \$973,000 is provided for fire/life safety, \$26,617,000 for code deficiencies, \$55,240,000 for capacity related projects and \$18,570,000 for other major projects that address critical needs of the campuses. Of these projects, 100 are in the preliminary plan or working drawing phase and 27 are in the construction and/or equipment phase.

California Student Aid Commission

The programs of the California Student Aid Commission demonstrate the State's commitment to providing educational opportunity to its citizens. In 1992–93, the Student Aid Commission will administer grants to over 79,000 needy California students and guarantee 354,000 student loans worth over \$1.1 billion. For many California students, these programs make a postsecondary education possible. The 1992–93 Budget proposes:

- A General Fund increase to the Student Aid Commission's grant programs to maintain current grant levels.
- Due to constraints on General Fund resources, no adjustment is proposed for the Cal Grant programs to cover increased fees at the University of California and the California State University.
- A \$500,000 Proposition 98 General Fund augmentation for the California Student Opportunity and Access Program (Cal-SOAP). Through this program, services such as tutoring and counseling are provided to low-income and ethnic minority students as early as the fifth grade in an effort to encourage them to pursue a postsecondary education.
- \$1.8 million from the Guaranteed Loan Reserve Fund and over 50 positions for workload increases in the California Loan Program.
- Reflecting the increased costs of data processing associated with the Financial Aid Processing System (FAPS) and a delay in the implementation of the loan portion of FAPS until June, 1992. This delay stems from a decision to shift data processing for FAPS from the Teale Data Center to an outside vendor in order to save money and obtain better programming support for FAPS.

California Loan Program. The Student Aid Commission serves as guarantor for low-interest, federally reinsured loans made by lenders through three programs: Stafford Loans, Supplemental Loans for Students, and Parent Loans for Undergraduate Students. As guarantor, the Student Aid Commission reimburses lenders for loans that lenders cannot collect on and is, in turn, reimbursed by the federal government.

The 1992–93 Budget proposes an increase of \$1.8 million from the Guaranteed Loan Reserve Fund and over 50 additional positions for workload increases in the Loan Program. This includes 10 positions and \$484,000 for workload increases stemming from the rising volume of defaulted loans submitted to the Commission by lenders for reimbursement. There are 30.5 additional positions

and \$198,000 plus redirected funds relating to efforts to collect on defaulted loans. The Governor's Budget also includes three positions and \$272,000 for investigations to strengthen the Commission's efforts to ensure that rules and regulations are being followed by program participants and to prevent abuses. In addition, funding is provided in 1992–93 for two positions and \$177,000 for records maintenance. Finally, the Governor's Budget includes staffing to strengthen schools services to assist schools to provide more efficient services to borrowers as well as staffing to help handle application processing workload.

Grants Program. The 1992–93 Budget includes \$171.3 million in state funding for grants administered by the California Student Aid Commission. The grant programs represent California's established commitment to providing its students with access and choice in their decisions to pursue a postsecondary education, and include the following major programs:

- **Cal Grant A.** Cal Grant A, distributed on the basis of need and scholarship, helps students to pay for tuition and fees. Students may use the grants at the institutions of their choice, although the amount of the grant depends on the tuition and fees charged by the institution. Proposed funding for 1992–93 of \$108 million will serve 42,000 California students. Scholarship levels among Cal Grant A recipients are high; for 1990–91, the average new freshman recipient of a Cal Grant A had a grade point average of 3.5.
- **Cal Grant B.** Cal Grant B is distributed based on need, scholarship, and, unlike Cal Grant A, the applicant's disadvantaged background. Recipients in the first year receive only a stipend for living expenses, but in subsequent years receive a stipend plus a tuition and fee grant equivalent to that in the Cal Grant A program. Cal Grant B recipients are more likely to be underrepresented students and tend to come from very needy families; for 1990–91, the median family income of recipients from families of four or more was only \$13,000. For 1992–93, it is projected that there will be 32,000 Cal Grant B recipients whose grants will be supported with proposed funding of \$63.8 million.
- **State Graduate Fellowship Program.** Recipients of this grant commit to becoming college and university faculty members. These grants are awarded with priority consideration going to disadvantaged and underrepresented applicants. For 1992–93, funding of \$2.8 million is proposed to support almost 750 grants.
- **Assumption Program of Loans for Education (APLE).** Through this program, the State assumes student loan debt of up to \$8,000 for participants who teach school in areas with high concentrations of low-income families or in subject shortage areas (e.g., math, science, bilingual education). Proposed funding for 1992–93 of \$1.8 million will serve almost 800 program participants.

Health and Welfare

Welfare dependency has grown at a frightening rate in California, frightening not just for taxpayers, but frightening for the thousands of recipients who have been trapped and warehoused by the welfare system.

Governor Pete Wilson
December 1991

The 1992–93 Governor's Budget for Health and Welfare affirms this Administration's commitment to provide programs that offer prevention rather than long-term dependency.

During the past year, California has been confronted with unprecedented fiscal challenges. It has become even more evident that we can no longer afford open-ended entitlement programs as they currently exist. For example, prior to the reforms proposed in this Budget and despite the 4.4 percent reduction in the maximum AFDC grant and the suspension of the cost-of-living adjustment (COLA), General Fund AFDC expenditures were estimated to increase by \$462 million in 1991–92 and \$280 million in 1992–93, reflecting caseload growth of 12.8 percent and 10.6 percent respectively. California provides the fourth highest welfare grant level of any state, nearly double the U.S. average. With 12 percent of the U.S. population, the state accounts for 26 percent of the nation's welfare costs. In 1991, over 2 million of the state's 30 million residents will receive welfare benefits and costs have skyrocketed from \$3.7 billion in 1986–87 to \$5.6 billion in 1991–92—a 51 percent increase in four years.

Welfare Reform

The 1992–93 Governor's Budget reflects the fact that it is critical to reform and alter the structure of expenditures in the AFDC program in order to promote personal responsibility and to control unaffordable growth. The Budget assumes implementation of the Governor's proposed AFDC initiative in 1991–92. It is assumed that the Legislature will respond to the fiscal crisis facing California and pass necessary legislation, effective March 1, 1992, to implement the proposed reform. Key elements of the reform include:

Grant Reduction. Current AFDC grants would be reduced by 10 percent. This would change the grant level for a family of three from \$663 to \$597 per month. Even with this change, California would maintain its rank as the fourth highest state grant in the country. General Fund savings are estimated at \$81 million in 1991–92 and \$287 million in 1992–93.

Transitional/Basic Grants. A two-tier grant structure would be established. A "transition grant" for a maximum of six months would be available to assist families requiring immediate support. After six months, those families with an able-bodied adult continuing on aid would shift to a basic aid grant which would be 15 percent below the transition grant. This structure reinforces the premise that AFDC is a temporary assistance program and encourages recipients to transition to the workforce. General Fund savings in 1992–93 are estimated at \$252 million.

Maximum Family Grant. Under this component, a woman who becomes pregnant or has an additional child while on aid would receive no increase in her AFDC grant. This proposal would also serve to discourage minor children who become pregnant in order to seek economic independence. General Fund savings are estimated at \$16 million in 1992–93.

Cal Learn. This is a new education incentive program proposed for school age pregnant or parenting teens receiving AFDC. A cash incentive of \$50 per month would be provided if the recipient stays in school, thereby promoting self-sufficiency. Grants would be reduced by \$50 per month if the recipient does not attend school. In addition, teens participating in Cal Learn would continue on aid at the Transitional Grant level.

Residency Requirements. Under this proposal, the maximum AFDC payment level for a family who has resided in California for less than one year would be based upon the payment rate of the state of their previous residency. General Fund savings are estimated at \$2 million in 1991–92 and \$15 million in 1992–93.

Elimination of Special Need Payment. Savings of \$6 million in 1991–92 and \$38 million in 1992–93 are estimated based on the elimination of payments to pregnant women with no other dependent children and the pregnancy special need payment of \$70 per month in the AFDC program.

AFDC Foster Care COLA. Under the Governor's proposal, all statutory COLAs are proposed for elimination. Currently, there is a statutory COLA for group home providers who serve AFDC foster care children. Elimination of this COLA would produce estimated General Fund savings of \$4 million.

County Administrative costs to implement welfare reform are estimated at \$29 million General Fund in 1992-93.

Transitioning to Work

A key component of welfare reform is the transitioning of welfare recipients into the workforce. Two programs are being proposed in order to assist welfare recipients in this effort.

AFDC Job Services Proposal. Under this proposal, job club workshops will be made available on a voluntary basis to recipients before they transition to the lower basic grant. Workshops will be held providing basic job seeking skills such as how to complete job applications, how to look for jobs and how to interview. County welfare offices could either conduct these workshops or contract with the Employment Development Department (EDD) or other organizations. Maximum use would be made of the EDD Job Match system, Service Centers and Job Agents. This program will serve an estimated 70,000 AFDC recipients at a cost of \$15 million General Fund (\$30 million total funds) including necessary child care and transportation costs. It is assumed that providing these job club workshops will lead to more people obtaining employment which will help offset their grant reduction and should lead to increased earnings which will offset grant costs. This, coupled with the work incentives built into the reforms, is estimated to save \$75 million General Fund in 1992-93.

Increased Employment Opportunities. In addition to the proposal outlined above, a total of \$4 million, comprised of \$2 million in Employment Training Funds and \$2 million in matching federal funds is being earmarked for a focused effort on employment for AFDC recipients. This program will be jointly developed by the Employment Development Department and the Department of Social Services and will be designed to assist AFDC recipients in entering the labor market. Two key components of the proposal will be access to EDD's employment opportunity information by county welfare offices and performance based fiscal incentives for counties that develop employment opportunities for welfare recipients.

Access to Health Care Initiatives

Access to health care is one of society's most pressing problems. Roughly six million Californians have no private or public health insurance. One-third of this number, or 1.8 million, are children. Nearly 90 percent of the uninsured are connected to the workplace as either employees or dependents of employees. The number of

uninsured creates serious problems in the health care system such as increased reliance on emergency room treatment, increased uncompensated care costs to providers and increased demands in the public sector safety net.

It is also recognized that the fact that health insurance may not be offered by an employer can influence people's decisions about entering the workforce and remaining dependent upon welfare.

The Governor proposes building on the foundation laid last year, when a number of concrete steps were taken to begin to address critical problems that affect the health of Californians, particularly children, and to reorient our health care system toward preventive and primary care services.

In an effort to address the critical pieces of the access to health care problem, the Governor proposes a range of initiatives to broaden access for priority populations, maximize preventive and primary care, and contain escalating health care costs.

CheckUp: Early Access to Health Care for Kids. Recognizing that our top priority must be our children, the Governor proposes development of a children's health insurance program to promote access to basic health care services for all California preschoolers. Called CheckUp: Early Access to Health Care for Kids, this program will be developed over several years to provide a package of primary and preventive care outpatient services which are necessary to promote good health and prevent and minimize illness, injury, and death. The program also will be designed, not as an entitlement, but as one which targets available state resources to priority populations with limited access to primary and preventive care. Among the program's features:

- Coverage for uninsured children from birth (upon discharge from the hospital) through five years of age;
- A basic outpatient benefit package of preventive and primary care services, including physician and clinic services, prescription drugs, dental services, and vision care;
- The use of managed care systems to assure the most appropriate and cost-effective delivery of services; and
- State subsidies for premiums on a sliding fee schedule for children below 300 percent of the poverty level.

An important long-term objective of the CheckUp program is the integration of children currently eligible for Medi-Cal and other government funded health care programs into one streamlined insurance program offering prevention services and primary care for all California preschoolers. The goal of this strategy will be to reorient Medi-Cal and other government programs for children to promote integration with California's mainstream health care system.

Immediate steps proposed in the budget to achieve program integration are development and submittal of necessary Medicaid waivers to the Federal Government and development of the capacity of managed care providers to serve Medi-Cal eligible children through their provider networks. Funding in the budget year will be provided to promote fiscal incentives for primary care providers to participate in the delivery of managed care for Medi-Cal eligible preschoolers.

A General Fund appropriation of \$20 million is proposed for fiscal year 1992–93. The CheckUp program will be phased-in over several years in order to devote limited state dollars to subsidies to uninsured low-income children for the cost of basic health care, provide fiscal incentives for Medi-Cal providers to practice in managed care settings, provide sufficient time to existing private sector managed care provider networks to expand capacity to serve the Medi-Cal preschool population, and to assure an orderly integration of current government funded health care programs serving children and families with California's mainstream health care system.

Other components which embody the Administration's agenda on access to health care include programs administered by the Office of Statewide Health Planning and Development (OSHPD) and the Employment Development Department (EDD).

Expansion of Song-Brown. \$2.1 million is proposed to augment the special projects portion of the Song-Brown Family Physician Training Program in the Office of Statewide Health Planning and Development. This augmentation will be used for several program initiatives aimed at improving access to primary care providers in rural areas; improving advanced obstetrical training; increasing the number of primary care providers from refugee populations; expanding the number of primary care physicians involved in Medi-Cal capitated programs and supporting curriculum changes that will emphasize homecare services to the frail elderly and persons with AIDS. Funding for this initiative will come from a proposed voluntary increase in physicians' licensing fees totalling \$700,000 to be matched by like amounts from the General Fund and University of California funds.

Strategic Planning and Policy Development Section. \$399,000 is proposed to create a new Section for Strategic Planning and Development in OSHPD. This Section will be staffed by four positions to analyze current health care policy issues and enhance the ability of the State to plan for health care services. Funding will primarily come from the California Health Planning and Data Fund.

Health Career Opportunities Program. In many areas of the state, particularly those with large concentrations of minority and refugee populations, health care services are frequently limited due, in part, to a shortage of minority health care providers.

Therefore, \$2 million from the Employment Training Fund is proposed to train minorities and economically disadvantaged individuals for health care occupations other than physicians in which there are staffing shortages. The funds would be earmarked for training projects to be coordinated between the Job Training Partnership Act Service Delivery Areas, County Welfare Department GAIN programs, Public Health Departments, local education agencies and community colleges. The Health Career Opportunities Program will be administered by EDD with technical assistance provided by the Office of Statewide Health Planning and Development.

Small Group Insurance Underwriting Reform. The Governor recognizes that we must assure that health insurance coverage is more available and affordable to small businesses—the job-creating engine of our state's economy. Therefore, the Governor will pursue small group insurance underwriting reforms that will ensure the availability, affordability and continuity of coverage for small businesses.

Medical Liability Reform. We must come to grips with the continuing rise in malpractice insurance costs, a phenomenon which contributes to escalating health care costs and diminished access to care. Therefore, the Governor will work to maintain the availability and affordability of malpractice insurance so that health care services can continue to be available throughout the state.

Program Adjustments

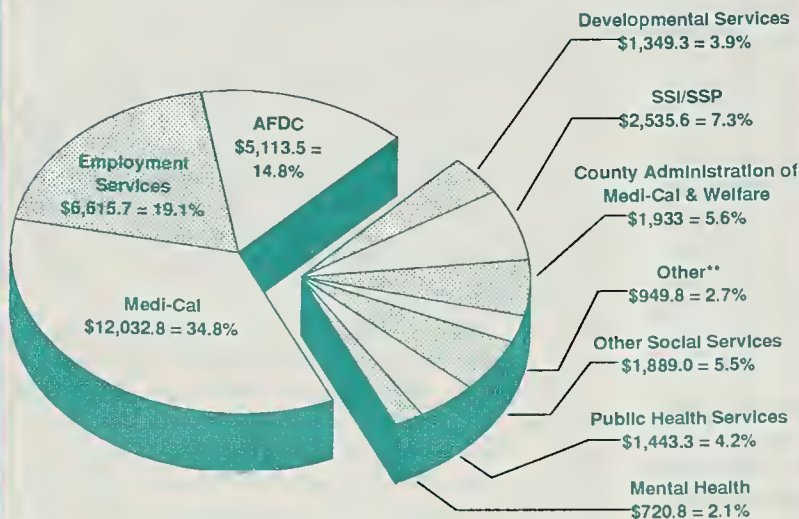
Given the serious fiscal challenges facing the state, it is necessary that spending be held in check. Therefore, as part of the solution necessary to present a balanced budget, the following adjustments are proposed in the Health and Welfare area:

Department of Health Services

- A redirection of \$60 million in 1991–92 and \$62.8 million in 1992–93 from other programs funded by the Cigarette and Tobacco Products Surtax Fund to Medi-Cal for costs associated with perinatal services for those women between 133 and 185 percent of the poverty level.
- A savings of \$7.6 million in 1991–92 and \$100.9 million in 1992–93 from the elimination of certain Medi-Cal optional benefits. Benefits proposed for elimination include adult dental, psychology, chiropractic, podiatry, occupational therapy, acupuncture, blood bank, independent rehabilitation center services, and certain medical supplies. There will also be savings in the County Medical Services Program (CMSP) associated with this proposal.
- A savings of \$60.8 million by establishing a 60-day limit on the total number of hospital inpatient days that Medi-Cal will cover in a 12 month period for all eligibles age six and over. Parallel CMSP savings also are expected.

Figure 6-A
Health and Welfare
Proposed 1992-93 Expenditures*
All Funds

(Dollars in Millions)



*Includes state support and local assistance.

**Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health Planning and Development, Department of Rehabilitation, Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, California Medical Assistance Commission, State support for the Department of Health Services, including the Toxic Substances Control Program, and the Department of Social Services. Also included are the costs associated with Health and Welfare mandates and debt service.

- Elimination of the In-Home Supportive Services (IHSS) COLA for a savings of \$1.3 million.
- A savings of \$46.8 million by capping the IHSS expenditure for case-load in 1992-93 at the 1991-92 level consistent with language contained in the realignment legislation.

Employment Development Department

- An increase in General Fund revenue of \$18 million from EDD's Contingent Fund as a result of continuing to support a portion of the Employment Services 90 Percent Program from the Employment Training Fund rather than the Contingent Fund.

Various

- A savings of \$24.2 million General Fund by not providing prior year county cost-of-living adjustments.

State Legalization Impact Assistance Grant

- It is the position of this Administration that the federal government must pay the states funds owed them for implementation of the Immigration Reform and Control Act of 1986. In Federal Fiscal Years 1990, 1991 and 1992, Congress reduced SLIAG funds available to states because it erroneously assumed that the program was

- A revision to the methodology used to compute reimbursement to free-standing nursing facilities for a savings of \$27.9 million. Reimbursement would be established at the median rate, or, for those facilities with costs below the median rate, one-half of the difference between actual costs and the median rate.
- A savings of \$30.7 million by reducing payments for inpatient hospital co-insurance and deductible for Medicare/Medi-Cal crossover services.
- A savings of \$6.2 million by reducing the mark-up allowed for certain medical supplies and by selectively contracting for high volume multiple source drugs.

Department of Social Services

- A savings of \$73 million by providing SSI/SSP recipients with \$10 worth of food stamps each month rather than a like cash amount.

overfunded since states were not expending all available funds. However, in the FFY 1992 conference report, the Congressional conferees "agree to provide sufficient funds for SLIAG in 1993." They further state that "service providers should therefore be reassured by this action and should not diminish activities to meet the needs of persons eligible for SLIAG services." Consistent with this language, the Governor's Budget assumes that California will receive approximately \$637 million in federal SLIAG funding in 1991-92 and 1992-93. Further, of this amount, \$195.2 million in 1991-92 and \$217.7 million in 1992-93 will be available to offset General Fund costs in entitlement programs such as Medi-Cal, California Children's Services, and SSI/SSP.

1992-93 Health and Welfare Expenditure Levels

Proposed 1992-93 Health and Welfare expenditures total \$34.6 billion in combined State and Federal funds, including funding for 42,310 personnel years. The allocation of these funds among the various programs is shown in Figure 6-A. Proposed expenditures include funding to meet the cost of caseload increases in a variety of program areas such as Medi-Cal, Developmental Services, SSI/SSP, and AFDC. Please refer to Table 6-1 for specifics.

Department of Mental Health

Approximately 320,000 Californians will receive services from state and county mental health programs in 1992-93. The services vary according to the needs of the individual. Within the mental health continuum of care, individuals with manageable disorders are treated through a combination of residential and outpatient programs in the community. Individuals whose disorders render them incapable of living in the community receive full-time inpatient care from the state hospitals operated by the Department of Mental Health. The number of persons who will reside in California's state hospitals during 1992-93 is projected to be 4,866.

Table 6-1

Major Health and Welfare Program Caseloads

	<i>Average Monthly Caseload</i>		<i>Change</i>
	<i>1991-92</i>	<i>1992-93</i>	
1. California Children's Services (treatment of physical handicaps)	142,000 ^a	149,100 ^a	7,100
2. Medi-Cal (provision of medical services to eligible poor)			
a. Certified eligible (total)	4,549,600	4,851,800	302,200
b. Certified eligible (fee-for-service only)	4,170,900	4,448,300	277,400
c. Average monthly users (fee-for-service only) ..	1,856,600	1,909,600	53,000
3. AFDC (support for unemployed persons with minor children)	2,292,148	2,468,333	176,185
4. SSI/SSP (support for aged, blind and disabled)	916,100	988,200	72,100
5. State Hospitals			
a. Mental health clients ^b	4,778	4,866	88
b. Developmentally disabled clients ^b	6,740	6,652	-88
6. Community Developmentally Disabled Services			
a. Regional centers ^f	110,475	116,932	6,457
b. Work Activity/Supported Employment program	17,770	18,617	847
7. Vocational Rehabilitation	21,250	21,500	250
8. Employment Services (individuals placed)	210,000	214,000	4,000
9. Unemployment Services (total weeks claimed) ..	31,165,600	24,537,500	-6,628,100
10. Meals for Elderly Citizens ^c	251,000	251,000	-
11. In-Home Supportive Services	166,700	178,400	11,700
12. Child Welfare Services ^e	134,000	137,700	3,700
13. Food Stamps ^g	886,800	1,724,100 ^g	837,300 ^g
14. Alcohol Programs ^d	294,400	295,100	700
15. Drug Programs ^d	146,665	151,165	4,500

^a This figure represents unduplicated quarterly caseload in the CCS Program.

^b Represents the year-end population upon which the Budget is based.

^c Unduplicated participant count.

^d Number of participants served during the fiscal year.

^e Represents monthly Emergency Response, Family Maintenance, Family Reunification and Permanent Placement service areas. Due to transfers between each service area a case may be reflected in more than one service area.

^f Represents the midyear average, including developmental center clients.

^g This increase reflects the provision of food stamps to most SSI/SSP recipients (in lieu of the equal amount of cash currently provided).

In 1992–93, \$721 million and 7,633 personnel years are proposed to support both hospital and community programs. In addition, new revenues provided to counties pursuant to State-Local Realignment will provide \$788 million for mental health services. General Fund adjustments to 1992–93 Department of Mental Health funding include the following:

- **School-Based Early Mental Health Services for Children Act (\$10 million)**—Expansion of this Governor's Initiative authorizes the provision of matching grants to local education agencies in order to provide early mental health intervention and prevention services to eligible pupils in Kindergarten through third grade. This funding is in addition to the \$10 million base budget established in 1991–92.
- **Children's Mental Health Services (\$2 million)**—Additional funding is proposed to expand the number of counties providing services under the Children's Mental Health Services Act. This funding will be provided on a 50 percent matching basis.
- **State Hospital Population Adjustment (\$208,000)**—Staffing in the State hospitals will be increased by 157 personnel years to reflect a net increase of 168 beds. This increase is the result of an additional 132 beds being made available to the Department of Corrections, an increase of 66 Judicially Committed/Penal Code clients, and a reduction of 30 mentally disordered offenders.
- **Conditional Release Program (\$2.6 million)**—The number of mentally disordered offenders served by this program will increase by 27 in 1992–93 at a cost of approximately \$2 million. In addition, due to the realignment of the Institutions for Mental Disease Program, the Conditional Release program will now be responsible for funding 25 beds for clients at a facility in Los Angeles.
- **Workers' Compensation and Operating Expenses (\$6.2 million)**—The costs of workers' compensation and operating expenses in the state hospitals have been steadily increasing for the past several years. In order for the hospitals to meet licensing standards and to avoid adversely affecting patient services, additional funding has been provided.

Department of Developmental Services

The Department of Developmental Services is the principal state agency that assists and provides services to Californians with developmental disabilities. The Department administers seven developmental centers and contracts with 21 regional centers throughout the state to provide diagnosis, evaluation and provision or coordination of services. Eligible clients qualify for a broad array of services, including: developmental center and community housing; physician, surgeon and hospital care; psychological services and behavior management; audiology, speech pathology, dentistry and

dietary service; infant development and day care; in-home respite, nursing and homemaker services; social recreation, independent living, camping, art therapy, dance therapy, education and occupational therapy; and transportation to and from services.

In 1992–93, the Department of Developmental Services projects caseload growth of 6,457 clients, or 5.8 percent to a new level of 116,932. To serve this population, the Budget proposes to appropriate \$1.35 billion, and 11,318 personnel years. Approximately \$741 million of this amount will be allocated to community programs through the regional center system, an increase of 11.3 percent compared with 1991–92, while \$608 million will be allocated for services in the state developmental centers. Significant budget adjustments include the following:

- A federal grant of \$938,000 in 1991–92 and \$2,188,000 in 1992–93 to reflect California's successful application and selection to participate in the Community Supported Living Arrangement (CSLA) program. Services provided through this program are designed to assist developmentally disabled individuals to live independently in their own homes.
- A General Fund increase of \$4,161,000 to fund higher cost day programs. This higher cost reflects a trend toward the inclusion in clients' Individual Program Plans of more sophisticated programs which emphasize independence and community integration as compared with past programs which focused on relatively passive activities.
- An increase of \$3,580,000 and 225 positions to begin the phase-in of Qualified Mental Retardation Professionals at each of the developmental centers.
- An increase of \$8,878,000 to fund increased workers' compensation costs and 156.0 personnel years of salary savings relief. The additional expenditures are necessary to provide for the continuation of quality client services and will ensure that licensing and certification standards are maintained at all seven developmental centers.
- An appropriation of \$630,000 in Special Account for Capital Outlay funds to comply with air quality standards at Fairview Developmental Center.

Department of Rehabilitation

The Department of Rehabilitation's primary goal is to provide, purchase and advocate services which will enhance the ability of persons with physical and mental disabilities to obtain or retain suitable employment and to live independent lives. During 1992–93, the Department expects to prepare 37 thousand new vocational rehabilitation plans, and to complete the rehabilitation of 21,250 individuals. In addition, the Department expects to provide more than 17,700 developmentally disabled clients with work activity and supported employment programs. Over \$6 million in grants to independent living

centers will enable the centers to assist more than 24,000 severely disabled persons achieve greater social and economic independence outside institutions.

The 1992–93 Budget includes 2,116 counseling and support positions located in 140 offices throughout California, and proposes total funding of \$295.5 million. This amount includes \$22.3 million to fund the expansion of the Vocational Rehabilitation program.

California Medical Assistance Commission

The California Medical Assistance Commission (CMAC) is responsible for the Medi-Cal Selective Provider Contracting Program. The Commission's role in that program is to negotiate contracts with hospitals to deliver the most cost effective health care services to Medi-Cal beneficiaries. The contracts are administered by the Department of Health Services. CMAC also has used the flexibility of the contracting program to assist in the solution of specific health access problems such as obstetric care and emergency room service.

The Commission allocates the Disproportionate Share and Emergency Services Fund through its contracting program. The continued use of donated funds has been authorized through September 30, 1992, by recent federal legislation.

In addition, CMAC presently carries out the negotiations for the San Mateo county-organized health system contract with the state. The budget includes \$300,000 (\$150,000, General Fund) for the Commission to expand this type of activity under provisions of the Administration's recently enacted Managed Care Initiative.

Major Risk Medical Insurance Board

Major Risk Medical Insurance Program. The Major Risk Medical Insurance Program has been developed to provide health insurance to Californians unable to obtain coverage in the open market because insurers view them as "uninsurable." The program, which began offering coverage in March of 1991, contracts with seven health insurers. Subscribers choose a health insurer from those available in their geographic area. The benefit package provided is comprehensive, but limited to \$50,000 annually.

Californians qualifying for the program pay a portion of the cost of coverage plus any copayments and deductibles required by the health insurer they have chosen. The state supplements subscriber contributions to cover the full cost of care. The subsidy for the program is funded by an annual appropriation of \$30 million from the Cigarette and Tobacco Products Surtax Fund. The program is estimated to be actuarially sound, serving 10,000 subscribers with an annual subsidy of \$30,000,000. The program reached full enrollment of 10,000 subscribers by July, 1991, and presently is enrolling additional sub-

scribers on a first come, first served basis whenever existing subscribers disenroll.

Access for Infants and Mothers Program. The Access for Infants and Mothers (AIM) program will provide subsidized health coverage for uninsured pregnant women and their infants up to the age of two. The program will begin making coverage available in most urban areas in January, 1992, and will be available on a statewide basis by late spring of 1992.

To be eligible for AIM, a woman must be pregnant, be a California resident, have a family income between 200 percent and 250 percent of the federal poverty level, not be receiving Medi-Cal benefits, and have no other insurance coverage for her pregnancy. A comprehensive benefit package will be provided during the period of health coverage, which will last until 60 days after delivery for the woman and, for the child, will last until the second birthday. The program will contract with health plans to provide coverage to AIM subscribers.

Subscribers must agree to pay 2 percent of their family income to participate in the program, and payments are to be made over a twelve month period. The State will supplement subscriber contributions to cover the full cost of care. State funding for the program through 1993–94 has been appropriated from the Cigarette and Tobacco Products Surtax Fund. In 1991–92, the appropriation is \$47.8 million and for both 1992–93 and 1993–94 it is \$54.8 million per year. The program's consulting actuary has not yet estimated the number of women and infants who can be served with this level of funding.

Department of Health Services

The Department of Health Services is responsible for a variety of programs which emphasize prevention-oriented health care and delivery of medical services to the economically disadvantaged, protection of California's citizens from unsafe foods, drugs, and drinking water and enforcement of health standards in health facilities.

The 1992–93 Budget proposes \$13.9 billion in state and federal funds for the Department. Proposed local assistance spending by the Department totals \$13.3 billion including \$12.4 billion for Medi-Cal and \$1 billion for various public health programs. The various public health programs and the proposed funding levels are displayed in Figure 6-B.

Acquired Immune Deficiency Syndrome (AIDS). California continues to be a national leader in the battle to eliminate Acquired Immune Deficiency Syndrome (AIDS), and is second only to New York in state funding of AIDS related activities. California is also second only to New York in the number of residents with AIDS, having just under one fifth of the people diagnosed with AIDS in the United States. The statewide cumulative number of persons with AIDS reported in California since the beginning of the epidemic is 38,660, as of

November 30, 1991. The reported number of AIDS related deaths during the same period was 26,369, or 68 percent. Additionally, based upon Office of AIDS data derived from studies in selected counties in California, there is an indication of the presence of approximately 134,000 additional Human Immunodeficiency Virus (HIV) infected individuals living in California, above the 12,300 persons living with a diagnoses of AIDS.

With the \$125 million budgeted for 1992-93 in state (\$77 million) and federal (\$48 million) funding, California will continue to support early intervention programs, AIDS research, anonymous and confidential testing for the HIV, various education and prevention activities, counseling, treatment projects, homeless shelters and mental health services for persons with AIDS. In 1992-93, the Department of Health Services will focus particular attention on the growing number of women and minorities affected by the epidemic. Some of the more significant allocations are:

- \$26.8 million in federal funds for various special projects, including surveillance/seroprevalence studies, and treatment, counseling, testing, education and prevention activities.
- \$20.9 million for AIDS activities in the Department of Alcohol and Drug Programs.
- \$15.1 million for education and prevention activities.

- \$9.1 million for AIDS drugs subsidies.
- \$8.6 million for AIDS research.
- \$8.4 million for AIDS activities within the Department of Corrections.
- \$8.2 million for various treatment projects and services.
- \$7.3 million for anonymous and confidential HIV testing.
- \$5.3 million to assist counties with AIDS related costs.
- \$2.6 million for early intervention services.
- \$1.5 million for mental health services.
- \$1.1 million for epidemiologic studies.
- \$1.1 million for California Children Services benefits.

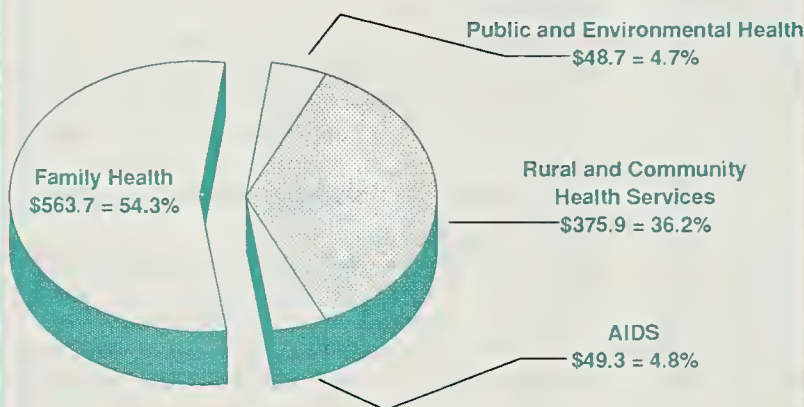
Eleven new drugs are being added to the current two drug formulary for the California AIDS Drug Program in 1991-92. The addition of these drugs will assist low income persons who are not eligible for Medi-Cal to maintain their health for as much as twice as long as under currently provided treatment methods, allowing them to retain employment and delay their entry into other more costly health care, including Medi-Cal and indigent health care programs. The existing level of funding, \$14.3 million (\$9.1 million state, \$5.2 million federal), for the AIDS Drug Program is believed to be sufficient to provide the new drugs based on current enrollment and prescription estimates.

Awareness of the AIDS epidemic is growing, assisted by the educational efforts of the Department of Health Services. Demand for anonymous and confidential testing has been building in past months and increased dramatically upon the announcement by "Magic" Johnson that he carries the HIV. To continue the effort to curb the epidemic by providing AIDS testing for all who request it, additional funding of \$4 million is included in 1991-92 for alternative and confidential test sites.

Genetic Diseases. The elective, fee supported Prenatal Genetic Services Program will expand services by adding a new test for Down's Syndrome called Triple Marker Screening (TMS). This new test combines two more tests with the single current method of detecting a risk for Down's Syndrome in women under 35 years of age. By utilizing the results of the three TMS blood tests simultaneously, doctors are expected to detect 43 percent more cases of Down's Syndrome in

Figure 6-B

**Department of Health Services
Proposed 1992-93 Local Assistance Expenditures*
Total Funds
(Dollars in Millions)**



* Excluding Medi-Cal expenditures.

women under 35 years of age, who bear 62 percent of all California children born with Down's Syndrome.

Additionally, TMS will offer an alternative to the amniocentesis test used to detect Down's Syndrome, primarily in women over 35 years of age. Amniocentesis, although very accurate for diagnoses, results in the loss of approximately one in 300 healthy fetuses tested. By using TMS instead of amniocentesis, for all but confirmatory testing of positive TMS results, an estimated 100 healthy fetuses per year will be saved in California.

While the addition of the TMS test will require a fee increase in the Prenatal Genetic Services program for all California women who elect to participate, it is believed that most participants will consider the greater accuracy TMS will provide, important enough to compensate for the increased cost of the test. The costs to the state are estimated to be \$1 million over the first five years of implementation, for those persons receiving this elective test through the Medi-Cal program. Long-term savings to the state will be realized through Medi-Cal and through programs within the departments of Education, Mental Health, Rehabilitation, and Social Services, which serve persons with Down's Syndrome.

Family Planning Services. California's teen pregnancy rate is one of the highest in the nation. Drug addicted infants are frequently born prematurely, with many medical complications. Many such children become wards of the state, and the ever increasing initial and long-term costs of delivering and raising them, are borne by the taxpayers. Among other priorities, the Office of Family Planning continues to focus efforts on serving this population, to benefit society as a whole, and to reduce the related costs to the state on a short and long-term basis.

The \$30 million in funding for the Family Planning Initiatives included in the 1991 Budget Act will be continued into 1992-93. These initiatives a) expanded family planning services targeted toward unmarried teenagers or women who are substance abusers, b) provided funding for the new contraceptive Norplant which has a five year effectiveness per implant, c) provided funding to replace federal funding which Family Planning clinics will lose for refusing to comply with the "gag order" on abortion information, d) introduced Education Now And Babies Later—an educational program targeted towards teens, and e) expanded the existing teen counseling program.

In addition, this budget contains a \$6 million augmentation to increase reimbursement rates for family planning services to bring these rates to within 85 percent of the rates paid for such services through the Medi-Cal program. This augmentation will permit family planning service providers to continue to assist women, particularly teens, in receiving the general medical care and educational information they might otherwise not obtain, and reduce the numbers of drug addicted and foster children born each year.

Lead Poisoning Prevention. The 1992-93 Governor's Budget implements a comprehensive blood lead poisoning prevention program in California.

While the acute toxic effects of lead poisoning have been well-known for centuries, more recently, low level lead exposure has been associated with diminished intellectual performance, learning problems, hearing problems, hypertension, infertility, and chronic nephritis. These effects represent long-term chronic disabilities that lead to loss in productivity and require use of health care resources. Recent reports indicate that blood lead poisoning is so insidious that many times severe and/or irreparable damage occurs before detection of the poisoning. According to the Department of Health Services, approximately 230,000 Californians are occupationally exposed to lead in the work place. In addition, a study by Health Services indicated that a significant percent of surveyed children with reported elevated lead levels lived with persons who were occupationally exposed to high levels of lead.

Under the Childhood Lead Poisoning Prevention Program, the Department of Health Services will establish the standard of care to include the screening for blood lead level for all children five years of age and under. In addition to the blood lead screening activities through the Child Health and Disability Prevention Program, the Department of Health Services will coordinate the case management of those children found to have elevated blood lead levels. The case management will include environmental assessment to determine the source of the lead exposure. The identification of the source of the lead exposure is critical in reducing lead exposure and preventing the recurrence of lead poisoning. The 1992-93 Governor's Budget proposes \$4,757,000 and 19 personnel years to implement this program.

The Governor's Budget also implements the Occupational Lead Poisoning Prevention Program. This new program will contain components for monitoring, reporting, investigating and training. This program will provide a means of monitoring serious overexposure to lead in the work place which could lead to a reduction in morbidity from the hazard of lead poisoning. The 1992-93 Governor's Budget proposes \$1,180,000 and 7 personnel years to implement this program.

The full implementation of these two programs will provide for a cohesive lead poisoning prevention program in California.

Proposition 99: The Tobacco Tax and Health Protection Act of 1988

The budget reflects expenditures from the Cigarette and Tobacco Products Surtax Fund which were established by Proposition 99 in 1988, as authorized in current law for 1991-92 and 1992-93. However, due to the gravity of the fiscal situation facing California, it has become necessary to propose that \$60 million from the Cigarette and Tobacco Products Surtax Fund in 1991-92 and \$62.8

million in 1992-93 that presently is not allocated for the provision of direct health related services be redirected to fund Medi-Cal perinatal services for women whose family income is between 133 and 185 percent of the federal poverty level. While the Administration continues to support anti-tobacco education and research efforts, we propose this redirection on a temporary basis. The following Tables (6-2, 6-3 and 6-4) display the available revenues and proposed expenditures from the Cigarette and Tobacco Products Surtax Fund in 1990-91, 1991-92 and 1992-93.

Medi-Cal

Medi-Cal, California's version of federal Medicaid, is an open-ended entitlement program; any person who meets the eligibility criteria established by law is entitled to specifically defined health benefits. Except for a limited number of "state-only" services, Medi-Cal typically receives half of its funding through federal Social Security Act Title XIX appropriations with the balance usually, but not exclusively, furnished by the state's General Fund. Fifty-fifty funding represents the lowest of federal Medicaid sharing ratios and is common to eleven other states, including New York, Illinois and New Jersey.

Expenditures. Medi-Cal spending since 1985-86 is illustrated in Figures 6-C and 6-D. In 1991-92, total expenditures for Medi-Cal local assistance are estimated to be \$14.1 billion (\$5.6 billion, General Fund) including the one-time effect of changing to accrual accounting. Without that one-time charge, revised current year spending is estimated to be \$11.9 billion (\$4.6 billion, General Fund). For 1992-93, Medi-Cal local assistance spending is projected to total \$12.4 billion (\$5.0 billion, General Fund), representing 7.3 percent year-to-year General Fund growth. Comparisons of spending using total funding can be misleading in 1991-92 and 1992-93 because of intergovernmental transfers authorized by the Legislature. These transfers now represent over \$870 million, matched by a like amount from the federal government, for a total of \$1.74 billion in new funding, primarily for hospital reimbursements. Even eliminating such extraordinary funding, however, Medi-Cal General Fund spending is twice its 1985-86 level and is projected to grow 24 percent from 1990-91 to 1992-93.

Included in the Medi-Cal budget is \$153.8 million for 1991-92 and \$191.2 million for 1992-93 from State Legal-

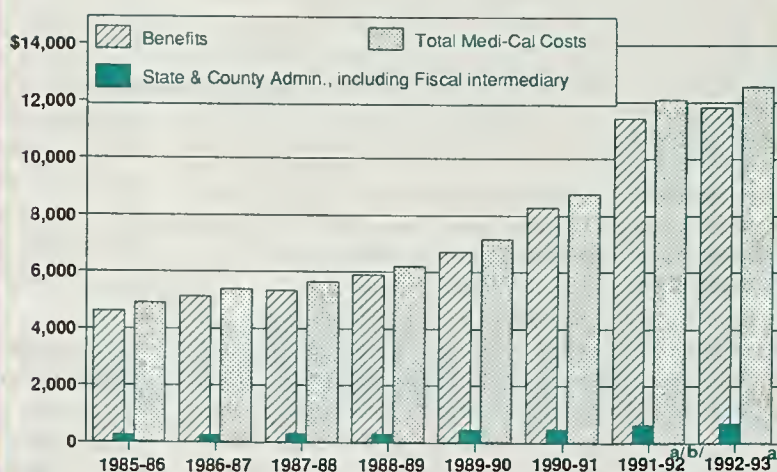
ization Impact Assistance Grant (SLIAG) monies from the federal government. As with other State programs, the Medi-Cal costs of the Immigration Reform and Control Act of 1986 (IRCA) continue to be significant, and the promised federal revenue is necessary to avoid a dollar-for-dollar General Fund cost substitution for these services.

Caseload. In 1991-92, approximately 4.55 million persons and in 1992-93, nearly 4.85 million, or about 15 percent of California's population, are estimated to be eligible for Medi-Cal benefits in any given month. Roughly 4.2 million persons currently are eligible for fee-for-service benefits with the remainder served by various managed care programs. Table 6-5 shows federal Health Care Financing Administration (HCFA) eligibility and expenditure data from 1990 for the ten most populous states, with California second only to New York in terms of payments and percentage of population enrolled in Medicaid. According to federal officials, other states also have experienced dramatic growth in Medicaid spending and caseloads since 1990. Table 6-6 displays the distribution of Medi-Cal caseload among the various eligibility groups since 1990-91, and Table 6-7 shows the general eligibility thresholds for Medicaid as employed by the ten most populous states. California continues to have a relatively high allowable income level in comparison with other states.

Figure 6-C

Growth of Medi-Cal Costs 1985-86 through 1992-93

(Dollars in Millions; Total Funds)



a/ Includes total amounts projected for 1991-92 and 1992-93.

b/ In 1991-92 a one-time adjustment of \$2,206 million was made in changing Medi-Cal to accrual accounting. That additional appropriation is not shown here.

Table 6-2
Cigarette and Tobacco Products Surtax Fund
Revenues and Expenditures—1990-91 Amounts Available
(Dollars in Thousands)

<i>Revenues:</i>	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician's Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
Beginning Balance.....	—	\$ 88,622	\$ 15,607	\$ 9,237	\$ 4,947	\$ 20,715	\$ 26,597	\$ 165,725
Prior Year Adjustments	—	972	—415	—3,309	50	387	496	—1,819
1990-91 Revenues	\$468	107,730	188,527	53,865	26,932	26,932	134,663	539,117
Interest Earned	—	11,231	2,667	1,772	3,739	2,469	3,658	25,536
Total Revenues	\$468	\$208,555 (20.0%)	\$206,386 (35.0%)	\$ 61,565 (10.0%)	\$35,668 (5.0%)	\$ 50,503 (5.0%)	\$ 165,414 (25.0%)	\$ 728,559 (100%)
Transfers:								
Per Proposition 117	—	—	—	—	—	—1,000	—14,302	—15,302
Habitat Funds	—	—	—	—	—	—200	—	—200
Total Transfers	—	—	—	—	—	—\$ 1,200	—\$ 14,302	—\$ 15,502
Revised Total Resources	\$468	\$208,555	\$206,386	\$ 61,565	\$35,668	\$ 49,303	\$ 151,112	\$ 713,057
Expenditures:								
Dept of Education	—	\$ 35,921	—	—	—	—	—	\$ 35,921
Dept of Mental Health.....	—	—	—	—	—	—	\$ 30,000	30,000
Dept of Health Services	—	126,544	\$200,071	\$ 54,860	\$ 1,658	—	119,227	502,360
OSHPD (Admin Costs)	—	—	450	—	—	—	—	450
University of California.....	—	—	—	—	31,949	—	—	31,949
Resources Agency	—	—	—	—	—	\$ 516	—	516
CA Tahoe Conservancy	—	—	—	—	—	476	—	476
CA Conservation Corps.....	—	—	—	—	—	214	—	214
Forestry and Fire Pro- tection.....	—	—	—	—	—	2,987	—	2,987
Fish and Game.....	—	—	—	—	—	6,817	—	6,817
Wildlife Conservation Board.....	—	—	—	—	—	2,791	—	2,791
Boating and Waterways	—	—	—	—	—	1,000	—	1,000
Parks and Recreation	—	—	—	—	—	16,138	—	16,138
Water Resources	—	—	—	—	—	1,091	—	1,091
Water Resources Control Board.....	—	—	—	—	—	618	—	618
Board of Equalization.....	\$468	—	—	—	—	—	—	468
Coastal Conservancy.....	—	—	—	—	—	1,303	—	1,303
Total Expenditures	\$468	\$162,465	\$200,521	\$ 54,860	\$33,607	\$ 33,951	\$ 149,227	\$ 635,099
Reserve.....	—	46,090	5,865	6,705	2,061	15,352	1,885	77,958

Table 6-3
Cigarette and Tobacco Products Surtax Fund
Revenues and Expenditures—1991-92 Amounts Available

(Dollars in Thousands)

<i>Revenues:</i>	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician's Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
Beginning Balance.....	—	\$ 46,090	\$ 5,865	\$ 6,705	\$ 2,061	\$ 15,352	\$ 1,885	\$ 77,958
Prior Year Adjustment.....	—	—	—	—	—	—	29,400	29,400
1991-92 Revenues.....	\$444	102,311	179,045	51,155	25,578	25,578	127,889	512,000
Estimated Interest.....	—	6,600	3,400	1,500	2,400	500	3,800	18,200
Total Revenues.....	\$444	\$ 155,001 (20.0%)	\$ 188,310 (35.0%)	\$ 59,360 (10.0%)	\$30,039 (5.0%)	\$ 41,430 (5.0%)	\$ 162,974 (25.0%)	\$ 637,558 (100%)
Transfers:								
Per Proposition 117	—	—	—	—	—	—	—12,788	—12,788
Access for Infants and Mothers (AIM)	—	—27,188	—4,939	—9,676	—	—	—3,000	—44,803
Mjr Risk Med. Ins. Fund (Ch. 1168/89)	—	—	—18,000	—11,000	—	—	—1,000	—30,000
Habitat Conservation Fund	—	—	—	—	—	—10,087	—	—10,087
Total Transfers.....	—	—\$ 27,188	—\$ 22,939	—\$ 20,676	—	—\$ 10,087	—\$ 16,788	—\$ 97,678
Revised Total Resources	\$444	\$ 127,813	\$ 165,371	\$ 38,684	\$30,039	\$ 31,343	\$ 146,186	\$ 539,880
1991-92 Estimated Expendi- tures								
Department of Health Ser- vices (DHS)	—	\$ 64,405	\$ 161,156	\$ 34,020	\$ 1,731	—	\$ 78,186	\$ 339,498
DHS Medi-Cal 185% Pro- gram.....	—	30,600	—	—	—	—	29,400	60,000
Department of Education.....	—	20,774	—	—	—	—	500	21,274
Office of Statewide Health Planning	—	—	448	—	—	—	—	448
University of California.....	—	—	—	—	26,852	—	—	26,852
Resources Agency.....	—	—	—	—	—	\$ 261	—	261
CA Conservation Corps.....	—	—	—	—	—	234	—	234
Forestry and Fire Protection.	—	—	—	—	—	3,798	—	3,798
Fish and Game.....	—	—	—	—	—	4,687	—	4,687
Wildlife Conservation Board.	—	—	—	—	—	1,678	—	1,678
Parks and Recreation.....	—	—	—	—	—	12,058	—	12,058
Water Resources.....	—	—	—	—	—	596	—	596
Water Resources Control Board.....	—	—	—	—	—	775	—	775
Board of Equalization.....	\$444	—	—	—	—	—	—	444
Department of Mental Health.	—	—	—	3,477	—	—	36,000	39,477
CA Tahoe Conservancy.....	—	—	—	—	—	1,524	—	1,524
Coastal Conservancy.....	—	—	—	—	—	—	—	—
Direct Pro Rata Charges	—	—	—	—	—	—	11	11
Total Estimated Expendi- tures.....	\$444	\$ 115,779	\$ 161,604	\$ 37,497	\$28,583	\$ 25,611	\$ 144,097	\$ 513,615
Reserve	—	12,034	3,767	1,187	1,456	5,732	2,089	26,265

Table 6-4
Cigarette and Tobacco Products Surtax Fund
Revenues and Expenditures—1992-93 Amounts Available
(Dollars in Thousands)

<i>Revenues:</i>	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician's Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
Beginning Balance.....	—	\$ 12,034	\$ 3,767	\$ 1,187	\$ 1,456	\$ 5,732	\$ 2,089	\$ 26,265
Prior Year Adjustment.....	—	—	—	—	—	—	12,500	12,500
1992-93 Revenues	\$475	98,905	173,084	49,453	24,726	24,726	123,631	495,000
Estimated Interest.....	—	4,900	3,300	2,100	400	300	7,000	18,000
Total Revenues	\$475	\$115,839 (20.0%)	\$ 180,151 (35.0%)	\$ 52,740 (10.0%)	\$26,582 (5.0%)	\$ 30,758 (5.0%)	\$ 145,220 (25.0%)	\$ 551,765 (100%)
Transfers:								
Per Proposition 117	—	—	—	—	—	—	—12,363	—12,363
Access for Infants and Mothers (AIM)	—	—	—4,939	—13,676	—	—	—39,000	—57,615
Mjr Risk Med. Ins. Fund (Ch. 1168/89)	—	—	—18,000	—11,000	—	—	—1,000	—30,000
Habitat Conservation Fund	—	—	—	—	—	—6,500	—	—6,500
Total Transfers.....	—	—	—\$ 22,939	—\$ 24,676	—	—\$ 6,500	—\$ 52,363	—\$ 106,478
Revised Total Resources	\$475	\$115,839	\$ 157,212	\$ 28,064	\$26,582	\$ 24,258	\$ 92,857	\$ 445,287
1992-93 Appropriations/Esti- mated Expenditures								
Department of Health Ser- vices (DHS)	—	\$ 71,326	\$ 147,789	\$ 25,424	\$ 1,546	—	\$ 73,860	\$ 319,945
DHS Medi-Cal 185% pro- gram	—	38,618	—	—	11,852	—	12,330	62,800
Department of Education.....	—	—	—	—	—	—	—	—
Office of Statewide Health Planning	—	—	407	—	—	—	—	407
University of California.....	—	—	—	—	11,852	—	—	11,852
Resources Agency.....	—	—	—	—	—	—	—	—
CA Conservation Corps.....	—	—	—	—	—	\$ 232	—	232
Forestry and Fire Protection.	—	—	—	—	—	1,669	—	1,669
Fish and Game	—	—	—	—	—	7,364	—	7,364
Wildlife Conservation Board.	—	—	—	—	—	—	—	—
Parks and Recreation.....	—	—	—	—	—	11,239	—	11,239
Water Resources Control Board	—	—	—	—	—	790	—	790
Board of Equalization.....	\$475	—	—	—	—	—	—	475
Department of Mental Health.	—	—	—	—	—	—	—	—
Coastal Conservancy	—	—	—	—	—	—	—	—
Direct Pro Rata Charges	—	—	102	32	79	5	84	302
Total Expenditures Gover- nor's Budget	\$475	\$109,944	\$ 148,298	\$ 25,456	\$25,329	\$ 21,299	\$ 86,274	\$ 417,075
Reserve	—	5,895	8,914	2,608	1,253	2,959	6,583	28,212

Table 6-5
Medicaid Provider Payments and Number of Recipients
for the 10 Most Populous
States, 1990

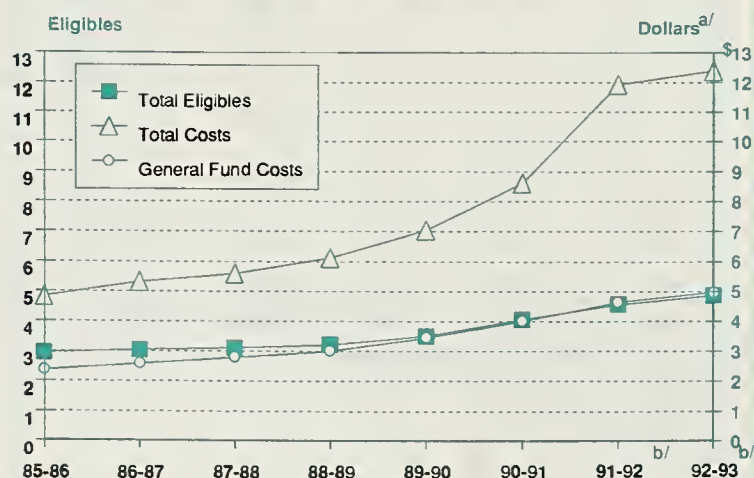
	<i>Medicaid Provider Payments</i> <i>(Dollars in Millions)</i>		<i>Medicaid Recipients</i> <i>(Data in Thousands)</i>	
	<i>Medicaid Payments, 1990</i>	<i>Percent of U.S. Total</i>	<i>Number of Recipients, 1990</i>	<i>Percent of Jurisdiction's 1990 Population</i>
National Total.....	\$64,858.9	100.0%	23,964	9.6
California.....	6,506.9	10.0	3,624	12.2
New York.....	11,877.4	18.3	2,329	12.9
Texas.....	2,781.0	4.3	1,442	8.5
Florida.....	2,360.7	3.6	1,038	8.0
Pennsylvania.....	2,883.1	4.4	1,177	9.9
Illinois.....	2,420.0	3.7	1,067	9.3
Ohio.....	3,131.9	4.8	1,221	11.3
Michigan.....	2,194.8	3.4	1,048	11.3
New Jersey.....	2,298.0	3.5	567	7.3
North Carolina.....	1,426.0	2.2	563	8.5

Source: Health Care Financing Administration: Medicaid State Data Tables, May 1991.

Figure 6-D

Growth of Medi-Cal Caseload and Costs, 1985-86 through 1992-93

(Eligibles in Millions; Dollars in Billions)



a/ Local assistance funds. Excludes \$2.2 billion (\$992 million, GF) one-time addition for accrual accounting in 1991-92.

b/ Estimated. Total cost includes the effect of intergovernmental transfers.

Benefits. Medi-Cal recipients are entitled to a full range of health services. The federal government requires states participating in Medicaid to provide a core of basic services which include: physician, nurse practitioner and nurse-midwife services; hospital inpatient and outpatient services; specified nursing home care; laboratory and X-ray services; home health care; and early and periodic screening, diagnosis and treatment services for children to age 21.

In addition, the federal government provides matching funds for 31 optional services (e.g., out-patient drugs, optometry, hospice, and nursing facility care for developmentally disabled patients). The Medi-Cal program now provides 28 of these optional services, which according to the HCFA, is more than any other states except Wisconsin (30) and Minnesota (29). California's current optional benefits total in comparison with the ten most populous states is shown in Table 6-8.

Table 6-6
Medi-Cal Caseload Composition
(Average Monthly Eligibles)

	1990-91	1991-92	1992-93
Public Assistance	3,227,800	3,538,400	3,722,000
Long Term Care	65,200	66,800	67,600
Medically Needy	319,500	372,200	394,600
Medically Indigent	168,100	191,400	204,500
Refugee/ OBRA/IRCA	222,900	321,000	396,400
All Other	52,200	59,800	66,700
Totals	4,055,700	4,549,600	4,851,800

While the provision of these federally optional services is desirable, treating them as an entitlement no longer can be afforded. Therefore, the budget proposes elimination of the following optional Medi-Cal benefits for a General Fund savings of \$7.6 million in 1991-92 and \$100.9 million in 1992-93; adult dental services, psychology, chiropractic services, podiatry, independent rehabilitation centers, occupational therapy, blood banks, acupuncture, and certain medical supplies.

Table 6-7
Medi-Cal Eligibility Levels for a Family of
Three in the 10 Most Populous States, 1991

	AFDC Elig. Level ¹	Percent of Poverty	Medicaid MN Elig. Level ²	Percent of Poverty
California ³	\$8,328	74.8	\$11,208	100.6
New York	6,924	62.2	8,700	78.1
Texas	2,208	19.8	3,204	28.8
Florida	3,528	31.7	3,528	31.7
Pennsylvania	4,836	43.4	5,604	50.3
Illinois	4,404	39.5	5,904	53.0
Ohio	4,008	36.0	N/A	N/A
Michigan	7,032	63.1	6,780	60.9
New Jersey	5,088	45.7	6,792	61.0
North Carolina	3,264	29.3	4,404	39.5
10 State Average	\$4,962	44.5	\$6,236 ⁴	56.0 ⁴

¹ State Department of Social Services, November 1991.

² Source: National Governors' Association, January 1991.

³ Eligibility level prior to grant reduction.

⁴ Excluding Ohio.

Unlike welfare payments to individuals, the benefit payments made by the Medi-Cal Program go to service providers such as physicians, dentists, hospitals, pharmacies, nursing homes, and prepaid health plans. Hospital payments, in total, have grown sharply due to federally matched donated funds and intergovernmental transfers. Recent federal legislation clarifies for the states the conditions under which donated funds and intergovernmental transfers may be used. Essentially, California's present donated funds program will expire on September 30, 1992, while the intergovernmental transfers program will continue under a federal cap.

In the area of provider payments, the budget proposes to limit payment for most hospital stays to a maximum of sixty days per year for a General Fund savings of \$60.8 million. In addition, payment for inpatient services dually covered by Medicare and Medi-Cal will be limited to the lower rate of the two programs for a savings of \$30.7 million. The long term care payment methodology is proposed to be changed for a \$27.9 million General Fund savings. Finally, the mark-up allowed for various medical supplies and the purchase of high-volume multiple source drugs are proposed for changes to yield a \$6.2 million General Fund savings.

Managed Care. In California, the traditional provision of Medi-Cal services has been through a fee-for-service (FFS) system of health care delivery. Under this predominant system, qualified providers are paid for specific services as they are rendered. As an alternative to the fee-for-service program, the Department of Health Services (DHS) also administers several capitated, managed care delivery systems. These capitated health care delivery systems include about twenty each of Prepaid Health Plans (PHPs) and Primary Care Case Management Systems (PCCMs) plus the Senior Care Action Network of Long Beach (SCAN), On Lok Senior Health Services of San Francisco, and County-Organized Health Systems in Santa Barbara and San Mateo counties.

The Administration's recently enacted initiative to make managed care the system of preference in California is expected to lead to three new county-organized health systems, up to two "geographic capitation" managed care pilot projects and expand the use of home and community based services in lieu of institutionalization. In addition, it changes the "default" from FFS to managed care in those instances when a Medi-Cal beneficiary does not express a preference for one system versus the other and a managed care provider is available in the beneficiary's area.

Perinatal Services. Since the beginning of 1989-90, pregnant women who meet the test of family income below 185 percent of the federal poverty level, and meet specified asset criteria, are eligible for pregnancy and postpartum benefits and infant care under Medi-Cal. Begun as an optional state-federal program, this coverage has since become mandated by the federal government. Also during 1989, a Cigarette and Tobacco Products Surtax (CTPSF)-funded program extended the monthly income limit for Medi-Cal perinatal coverage to 200 percent of the federal poverty level. Subsequent legislation created a second CTPSF-funded perinatal services program—the insurance-based Access for Infants and Mothers (AIM) program under the Major Risk Medical Insurance Board for those with income from 200 percent to 250 percent of the federal poverty level. The Governor's Budget proposes that legislation be enacted to shift \$60 million of the 1991-92 General Fund cost and \$62.8 million of the 1992-93 General Fund cost of the so-called "185 percent" perinatal program to the CTPSF.

Department of Social Services

The Department of Social Services (DSS) is responsible for providing protection, care and other assistance to eligible, needy persons. These services are provided through the Department's Welfare, Social Services, Community Care Licensing, Disability Evaluation and Employment Services programs. The proposed budget for 1992-93 is \$11.0 billion and 3,884 personnel years. This represents a decrease of \$131.2 million, or 1.2 percent, below the revised expenditure level for the 1991-92 fiscal year.

Effective in 1991-92, state and local health and welfare programs and financial responsibilities were realigned in an effort to increase county flexibility in program design and fiscal capacity. Among the significant changes resulting from these structural reforms were changes in the county shares of the costs of various social services programs. Funding for these increases is provided by a one-half cent increase in the sales tax, which is allocated to the counties.

Payments for Children. The DSS supervises county administration of the Aid to Families with Dependent Children (AFDC), Food Stamps, Foster Care, Child Support Enforcement and Social Services programs. In 1992-93, the budget provides \$432.2 million General Fund for the state's share of local costs of administering these programs. This represents an increase of \$73.4 million, or 20.5 percent, over current expenditure estimates for fiscal year 1991-92.

The Department of Social Services estimates that during fiscal year 1992-93 an average of 881,896 needy families each month would have received a grant, if current policies in the AFDC program were to continue. This would represent an increase of 10.6 percent over the current estimate of average monthly caseload for fiscal year 1991-92 (and 22.6 percent over the estimate of 1991-92 monthly caseload at this time last year). However, based on the effect of the enactment of the Governor's Reform Proposal in the AFDC program, the Department estimates that average monthly caseload growth will be reduced by approximately 29,000 cases. Therefore, total General Fund expenditures in this program are estimated at \$2.4 billion in fiscal year 1992-93.

In addition, an estimated population of 64,000 children per month will receive foster care benefits during 1992-93. This represents an increase to average monthly caseload of 1,900 cases, or 3 percent, in this program. Total General Fund expenditures in the Foster Care program are estimated at \$293.4 million in 1992-93, an increase

Table 6-8

Number of Optional Benefits Provided by the 10 Most Populous States

	<i>Cash Grant Recipients</i>	<i>Medically Needy Recipients</i>
California	28	28
New York	26	26
Texas	20	20
Florida	24	21
Pennsylvania	19	18
Illinois	25	25
Ohio	23	N/A
Michigan	26	26
New Jersey	26	17
North Carolina	23	23

Source: Health Care Financing Administration, November 1991.

of \$31.3 million over the current expenditure estimate for 1991-92.

The Child Support Enforcement program establishes and enforces court orders for child, spousal and medical support from absent parents on behalf of dependent children and their caretakers. In fiscal year 1992-93, the State expects to be able to offset the General Fund cost of AFDC grants by \$127.4 million as a result of the operations of this program. This represents an increase of \$15 million, or 13.3 percent, over estimated 1991-92 collections.

Supplemental Security Income/State Supplementary Program (SSI/SSP)

The Department administers the SSI/SSP which provides cash assistance to eligible aged, blind and disabled persons. The federal government determines basic eligibility and issues payments to persons who meet income and resource criteria established by the federal government. The state supplements the amount of the SSI grant, and the federal government administers these state supplemental payments (SSP) through local Social Security Administration offices. In 1992-93 the Budget proposes \$2.5 billion General Fund for support

of the SSI/SSP program which will provide assistance to approximately 988,200 eligible aged, blind and disabled persons. Consistent with statutes, SSI/SSP grants are increased by the 3.8 percent federal COLA awarded January, 1992. Maximum monthly SSI/SSP grants increased to \$645 for an individual and \$1,190 per couple. Subsequently, recipients will be provided with \$10 per month in Food Stamps, and grants will be offset by an equal amount. Pursuant to statutory requirements, the Governor's Budget proposes to increase grants by the January, 1993 COLA amount, estimated at 3.9 percent. Despite the unprecedented fiscal challenges facing California, the state funded SSP grant has not been reduced by the amount of the federal COLA, which would have reduced state expenditures, while maintaining the total state plus federal grant at the level prior to the additional federal funding.

Table 6-9 provides a comparison of SSI/SSP payment standards and the AFDC maximum aid payment for California and the nine other most populous states. As this table shows, California's payment standards are the highest among this group.

Table 6-9

Comparison of Payment Standards for the Ten Most Populous States As of November 1991

States ¹	SSI/SSP Payment Standards				AFDC Maximum Aid Payment Family of 3
	Independent Living Arrangement				
	Aged and Disabled		Blind		
	Individuals	Couples	Individuals	Couples	
California.....	\$630.00	\$1,167.00	\$704.00	\$1,372.00	\$663.00 ⁵
New York ²	493.00	712.00	493.00	712.00	577.00
Texas ³	407.00	610.00	407.00	610.00	184.00
Pennsylvania	439.00	659.00	439.00	659.00	403.00
Illinois ⁴	407.00	610.00	407.00	610.00	367.00
Ohio ³	407.00	610.00	407.00	610.00	334.00
Florida ³	407.00	610.00	407.00	610.00	294.00
Michigan	426.00	638.00	426.00	638.00	474.00
New Jersey	438.00	635.00	438.00	635.00	424.00
North Carolina ³	407.00	610.00	407.00	610.00	272.00

¹ In descending order by state population, 1980 census.

² New York's SSI/SSP grant level and AFDC maximum aid payments (MAP) vary within the state by region and other factors. In New York City, which represents two-thirds of New York state's caseload, the MAP is \$577.

³ These states do not supplement SSI for an independent living arrangement.

⁴ Does not have a standard SSP allowance. Payments are based upon individual needs and circumstances.

⁵ The amount listed is the current grant level. The Governor's Budget proposes reducing this amount to \$597 in fiscal year 1991-92.

Child Welfare Services Case Management

The 1992–93 Budget includes \$8.1 million General Fund and 17 personnel years for the pilot development and implementation phase of the child welfare services case management system (CWS/CMS). This system, when implemented statewide, will provide case management information to child welfare workers and managers at the state and local levels. Additionally, establishing a single, statewide data base of child specific information will provide the means for measuring outcomes and improving budget projection and program planning in children's programs. Further, federal regulations require the development of a national system for the collection of uniform adoption and foster care data. Implementation of the CWS/CMS could provide a model for the development of such a national system. The design, pilot, and statewide implementation will occur from 1990–91 through 1997–98 at a total estimated General Fund cost of \$63.8 million.

Employment Programs. The Department of Social Services also administers the Greater Avenues for Independence (GAIN) program. This program is intended to reduce welfare dependency by requiring that AFDC recipients participate in a program providing education, training, employment counseling and supportive services. In 1988, the federal Family Support Act (P.L. 100-485) created the Job Opportunities and Basic Skills (JOBS) program, which borrowed from California's GAIN program for many of its provisions. The 1992–93 Governor's Budget commits \$57.9 million to the operations of this program. This represents a continuation of the current year's level of funding.

The Budget also includes \$15 million in additional General Fund expenditures (and a matching amount of federal funds) to implement a statewide system of "Job Clubs" that would be available to AFDC recipients on a voluntary basis. These are intended to teach basic skills related to seeking employment such as where to look for a job, how to fill out a job application, and how best to handle a job interview.

Child Care Programs. Pursuant to the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), the state has implemented the At-Risk Child Care program. By increasing the amount of subsidized child care available to low-income families, this program is intended to assist these families in maintaining self-sufficiency. The implementation of this program is a cooperative effort involving the Department of Social Services and the Department of Education (DOE) and uses \$36.4 million in existing General Fund dedicated to child care services within DOE's budget to match a like amount of newly available federal funds.

The Governor's Budget also includes \$6.1 million in fiscal year 1991–92 and \$14.7 million in fiscal year 1992–93 (and a matching amount of federal funds) to provide child care services to participants in the Cal-Learn Program.

State-Local Realignment

During 1991–92, the administration of a number of health, mental health and social services programs was transferred from the state to the counties under the State-Local Realignment initiative. As a result, General Fund expenditures in three program areas were reduced by more than \$2.0 billion, and revenue sources estimated to provide counties this amount plus over \$100 million for the ongoing costs of SLIAG funded programs were provided to the counties. Estimated 1991–92 revenues provided to the counties included vehicle license fees (VLF) totalling an estimated \$769 million and the revenues from a one-half cent sales tax increase projected to produce \$1.4 billion.

A total of \$749 million in mental health programs was realigned, including funding for state hospitals, Institutions for Mental Disease (IMDs), and most local assistance programs. The Department of Mental Health will continue to administer the hospitals under contracts with the counties. For 1991–92, the Department will also administer the IMD program. In 1992–93 and thereafter, each county will administer its own IMD program.

Realignment also gave counties additional responsibility for public health programs, including Local Health Services, the AB 8 program, the Medically Indigent Services Program (MISP) and the County Medical Services Program (CMSP). However, the CMSP program will remain partially state funded. The Department of Health Services will continue to administer CMSP, and the state will be responsible for CMSP costs in excess of the amount originally realigned plus the CMSP share of annual realignment revenue growth.

The realignment of social services programs involves a change in program flexibility based upon locally determined needs and a change in the state-local sharing ratios of a number of caseload driven programs. These changes include an increase in the state share of AFDC costs from 89.2 percent to 95 percent of the non-federal share for grants, and from 50 to 70 percent of the non-federal share of administration costs; a reduction in the state's share of AFDC Foster Care costs from 95 to 40 percent; a reduction in the state's share of In-Home Supportive Services costs from 96 to 65 percent; and a reduction in the state's share of non-federal costs for the GAIN program from 100 to 70 percent.

In addition, \$15 million in county stabilization grants and \$37 million in juvenile justice subventions are also included in the social services portion of realignment.

Revenue Projections. Like other revenues, the sales tax and VLF revenues dedicated to realignment have been affected by the condition of the economy. During 1991–92, realignment revenues are projected to fall \$150 million short of original projections (\$57 million in VLF and \$93 million in sales tax revenues). The impact on the various realigned programs is displayed in Table 6-10.

It should be noted that this shortfall is partially offset by a reduction of \$25 million in the estimated county cost of social services programs.

Based on these revenue projections, the state will also provide a cash flow loan of \$19 million to counties in 1991-92 for the purchase of services provided by State Hospitals. The net effect of decreased revenues, after off-setting the caseload reductions and the cash flow loan is estimated to be slightly over \$100 million.

Also displayed are revenue projections for 1992-93 and estimates of the cost of realigned programs. The revenues identified for each program include 1992-93 revenue growth which was allocated in Chapters 89 and 611, Statutes of 1991. Current revenue projections indicate that there will be \$116.1 million in realignment growth revenues which are over and above the amounts allocated in those measures. The Administration proposes that those revenues be distributed in the same manner as the base revenues distributed in 1991-92. This will have the effect of restoring some of the base revenue previously expected to have been available in 1991-92, while still funding the growth allocations specified in Chapters 89 and 611.

Long-Term Care

California provides a wide range of publicly funded long-term care services. Welfare and Institutions Code

Section 9390.1 defines long-term care as "... a coordinated continuum of preventive, diagnostic, therapeutic, rehabilitative, supportive and maintenance services that address the health, social and personal needs of individuals who have restricted self-care capabilities."

Long-term care services consist of two components, institutional care (for example, nursing home care) and community-based services. Community-based services include residential care facilities and services which assist individuals to remain in their home instead of being placed in an institution. (Residential care facilities are not classified as "institutional care" in state law. Their level of medical care and funding arrangements differ significantly from institutional care facilities.)

Long-term care services are provided by several departments not only to elderly people, but also to younger, chronically ill, developmentally, mentally or physically disabled people. These agencies include the Departments of Health Services, Mental Health, Developmental Services, Social Services and the California Department of Aging.

The information provided in Table 6-11 summarizes total expenditures and total recipients served for 1990-91, 1991-92 and proposed for 1992-93. This display identifies the services provided, the department responsible for administration and the number of persons receiving services.

Table 6-10
State-Local Realignment
(Dollars in Thousands)

Program *	1991-92			1992-93				
	Previous Revenue Estimates	Deposits	Balance	Base Deposits	Allocated Growth	Unallocated Sales Tax Growth	Total Deposits	Cumulative Balance **
Mental Health.....	\$749,061	\$700,785	—\$48,276	\$700,785	\$49,890	\$41,140	\$791,815	—\$7,136
Health								
CMSP	86,778	82,054	—4,724	82,054	6,711		88,765	
Other Health.....	854,228	790,866	—63,362	790,866	48,354	46,429	885,649	
Total Health.....	941,006	872,920	—68,086	872,920	55,065	46,429	974,414	—21,657
Social Services.....	521,933	488,295	—33,638	488,295	43,860	28,666	560,821	—4,972
Special Equity					8,950	—	8,950	
TOTAL REALIGNMENT.....	\$2,212,000	\$2,062,000	—\$150,000	\$2,062,000	\$157,765	\$116,235	\$2,336,000	—\$33,765

* Funds are also allocated to the Controller as follows: 1991-92—\$274 thousand; 1992-93—\$364 thousand. This slightly reduces the amounts available for allocation to health, mental health and social services.

** The cumulative balance reflects the difference between the base shortfall in 1991-92, and the unallocated sales tax growth in 1992-93, which the Administration is proposing be used to restore that base shortfall. Thus, of the \$150 million shortfall which is carried forward to 1992-93, all but \$33.8 million would be offset by growth in 1992-93.

Immigration Control and Reform Act of 1986

The federal government enacted the Immigration Reform and Control Act (IRCA) in November, 1986. Through IRCA, funds were allocated to states to assist with the cost of providing public health, public assistance, and education services to eligible persons who have applied for legal residence status. Eligible persons are those people who have been illegally residing in the United States either prior to January 1, 1982 (pre-82s) or have been engaged in specific types of agricultural work for at least 90 working days before May 1, 1986 (special agricultural workers or SAWs). Pre-82 applicants had until May 4, 1988 to apply for temporary residency while SAWs could apply through November 30, 1988.

Over 3 million persons nationwide have applied for legal residence status according to the U.S. Immigration and Naturalization Service (INS). Of that number, more than 50 percent reside in California.

The amount of SLIAG funds to be made available to states over the 5-year IRCA program, after deducting the estimated offset for federal costs, was expected to be \$3.5 billion. Of that amount, California's share (based on population and costs) would be about \$2.1 billion (60 percent). To date, California has been allocated \$1.46 billion.

The federal government has not provided the full allocation to states since federal Fiscal Year (FFY) 1989.

According to a provision in the recent federal budget Conference Report, the Congress intends that "sufficient" allocations be given to states by October 15, 1992, and the state should "be reassured by this action and should not diminish activities" in SLIAG-funded programs. However, there is no certainty that the federal government will actually provide the remaining funds to the states.

The initial five-year expenditure plan was presented in the 1988-89 Governor's Budget. The primary assumptions used in developing that plan were that SLIAG funds should be spent initially on essential programs; funds should be expended over four and three-quarters years; and funds should be allocated through regular program delivery systems to the greatest extent possible.

However, the expenditure plan has been revised due to the above described reductions in federal funding. Unspent SLIAG funds have been identified in prior years. In addition, the current year expenditure estimate has been revised to reflect program savings as well as program reductions.

The budget proposes that entitlements such as Medi-Cal and SSI/SSP be funded in 1992-93. Other programs, however, are proposed for SLIAG funding only on a priority basis after the entitlement programs and their administrative costs. Accordingly, a revised SLIAG expenditure plan is presented in Table 6-12.

Table 6-11
Long-term Care Services
Total Funding and Clients*
(Dollars in Millions)
(Clients in Thousands)

Department	1990-91		1991-92		Percent Change of Total \$	1992-93		Percent Change of Total \$
	Total \$	Clients	Total \$	Clients		Total \$	Clients	
AGING								
Adult Day Health Care.....	\$ 18.3	5.3	\$ 18.3	5.5	—	\$ 18.1	5.7	—1.1
Alzheimer's Resource Centers	7.1	1.8	8.5	1.9	19.7	8.5	1.9	—
Linkages.....	2.8	2.8	2.5	2.7	—10.7	2.4	2.7	—4.0
Multipurpose Senior Services Program.....	21.8	8.4	21.9	8.5	0.5	21.9	8.5	—
Transportation	7.7	25.5	7.7	25.5	—	7.7	25.4	—
In-Home Services	7.5	26.9	7.5	27.0	—	7.5	27.0	—
Home Delivered Meals	38.8	48.6	38.7	46.6	—0.3	38.3	46.4	—1.0
Congregate Nutrition	75.0	188.7	75.5	189.0	0.7	74.7	189.1	—1.1
Case Management.....	5.0	11.5	5.0	11.5	—	5.0	11.5	—
Information & Referral.....	8.2	401.5	7.8	401.5	—4.9	8.2	401.5	5.1
Other ^{1,2}	8.6	378.6	8.9	378.6	3.5	8.8	378.6	—1.1
Total Expenditures	\$ 200.8	—	\$ 202.3	—	0.7	\$ 201.1	—	—0.6
DEVELOPMENTAL SERVICES								
Community Services	\$ 623.4	97.0	\$ 659.3	103.4	5.8	\$ 734.9	109.6	11.5
State Developmental Centers.....	580.8	6.7	595.6	6.7	2.5	608.3	6.7	2.1
Community Placement ⁴	4.7	—	6.3	6.7	34.0	6.1	6.7	—
Total Expenditures	\$1,208.9	—	\$1,261.2	—	4.3	\$1,349.3	—	7.0
HEALTH SERVICES								
Alzheimer's Disease Centers	\$ 4.2	1.2	\$ 4.0	1.2	—4.8	\$ 4.0	1.1	—
Long-Term Care (Skilled Nursing & Intermediate Care Facilities)	1,536.1	70.4	1,854.0	72.4	20.7	1,902.2	73.6	2.6
Total Expenditures	\$1,540.3	—	\$1,858.0	—	20.6	\$1,906.2	—	2.6
REHABILITATION								
Work Activity Program	\$ 57.4	11.2	\$ 56.3	11.1	—1.9	\$ 59.6	10.9	5.9
Supported Employment Program	15.5	3.4	17.0	3.8	9.7	16.4	3.6	—3.5
Independent Living Centers	6.1	24.4	5.9	24.5	—3.3	6.0	24.5	1.7
Total Expenditures	\$ 79.0	—	\$ 79.2	—	0.3	\$ 82.0	—	3.5
SOCIAL SERVICES								
Non-Medical Board and Care	\$ 345.8	67.4	\$ 370.4	71.5	7.1	\$ 398.9	77.1	7.7
Out-of-Home Care Adults	6.8	13.5	7.2	14.3	5.9	7.8	15.4	8.3
Special Adult Programs	3.3	1.4	2.6	1.4	—21.2	2.7	1.5	3.8
In-Home Supportive Services	738.6	154.8	782.6	166.7	6.0	778.1	178.4	—0.6
County Services Block Grant	28.1	82.0	26.6	83.1	—5.3	26.6	84.3	—
Total Expenditures	\$1,122.6	—	\$1,189.4	—	6.0	\$1,214.1	—	2.1
MENTAL HEALTH ³								
State Hospitals								
Penal Code and Judicially Committed	\$ 36.7	0.8	\$ 37.7	0.8	2.7	\$ 39.1	0.9	3.7
Lanterman-Petris-Short.....	66.9	1.2	73.0	1.3	9.1	75.0	1.3	2.7
Other Services.....	11.3	0.2	11.1	0.3	—1.8	11.1	0.3	—
Brain Damaged Adults ⁴	5.3	—	5.0	—	—5.7	5.0	—	—
Total Expenditures	\$ 120.2	—	\$ 126.8	—	5.5	\$ 130.2	—	2.7
TOTAL EXPENDITURES ALL PROGRAMS	\$4,271.8	—	\$4,716.9	—	10.4	\$4,882.9	—	3.5

¹ Clients displayed may be duplicated unless otherwise noted.

² Includes Health Insurance Counseling and Advocacy, Senior Companion, Respite and Ombudsman.

³ Does not include county match funds.

⁴ Specific client numbers are unable to be captured.

* This display, reflecting the effect of realignment on state expenditures, does not include county expenditures for community residential treatment, residential care services, institutions for mental disease, and other community services.

Table 6-12

**Immigration Reform and Control Act
Estimated 6-Year Expenditure Plan**

(Dollars In Thousands)

<i>Program Allocation</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>Category Totals</i>
Public Health							
TB/Leprosy Control	\$ 1,477	\$ 1,533	\$ 530	\$ 832	-	-	\$ 4,372
Sexually Transmitted Diseases	1,518	1,077	1,116	1,929	-	-	5,640
Immunizations	24	46	336	242	\$ 242	-	890
Perinatal Services	-	-	137	-	-	-	137
Family Planning	-	1,068	-	989	989	-	3,046
Adolescent Family Life	-	-	22	99	-	-	121
IRCA Subvention	10,416	21,060	21,948	26,047	29,595	-	109,066
Public Health Administration	281	1,012	2,694	1,816	1,357	-	7,160
Subtotals	\$ 13,716	\$ 25,796	\$ 26,783	\$ 31,954	\$ 32,183	-	\$ 130,432
Public Assistance							
General Assistance	11	448	1,877	1,308	-	-	3,644
Foster Care	22	880	1,178	2,052	1,936	\$ 1,070	7,138
AFDC-FG	11	121	298	2,358	2,357	-	5,145
SSI-SSP	-	2,256	8,966	20,766	30,640	19,330	81,958
Food Stamps	17	129	293	908	1,824	1,355	4,526
Housing	-	137	110	-	-	-	247
Medi-Cal	-	7,959	35,769	164,978	153,793	191,231	553,730
Calif. Children's Services	268	256	355	355	320	340	1,894
Medically Indigent Services	75,312	151,012	181,197	180,323	-	-	587,844
County Medical Services	225	1,343	2,409	4,360	4,360	4,360	17,057
Primary Care Clinics	8,696	8,644	9,366	13,000	-	-	39,706
Mental Health	-	8,992	6,766	8,733	-	-	24,491
HCD Administration	-	47	69	59	-	-	175
DMH Administration	-	132	300	245	-	-	677
DSS Administration	209	515	569	648	621	-	2,562
DHS Administration	-	1,234	2,347	2,687	2,128	-	8,396
HWA Administration	-	1,206	1,020	1,394	147	-	3,767
Auditor General Administration	-	-	30	-	-	-	30
Subtotals	\$ 84,771	\$185,311	\$252,919	\$404,174	\$198,126	\$217,686	\$1,342,987
Anti-Discrimination/Ed.							
EDD	-	-	-	540	-	-	540
Employment & Housing	-	-	-	565	-	-	565
HWA	-	-	-	740	-	-	740
Subtotal	-	-	-	\$ 1,845	-	-	\$ 1,845
Education							
Adult Ed.	8,224	115,086	109,184	91,570	55,020	-	379,084
K-12	926	1,233	1,400	-	-	-	3,559
SDE and CCC Administration	251	1,553	2,309	2,093	1,000	-	7,206
Subtotals	\$ 9,401	\$117,872	\$112,893	\$ 93,663	\$ 56,020	-	\$ 389,849
Unallocated	-	-	-	-	-	234,887	234,887
TOTALS	\$107,888	\$328,979	\$392,595	\$531,636	\$286,329	\$452,573	\$2,100,000

Public Safety

I've said many times before that closing our state's budget shortfall will require some sacrifice from every Californian. But I will not sacrifice the safety of California's citizens—there are better and wiser ways to balance our state's budget.

Governor Pete Wilson
May 1991

Safety and security of the citizens of California will continue to be a primary focus of this Administration. This commitment is clearly demonstrated in the budget for the Department of Corrections which contains funding increases to manage the continuing growth in the number of dangerous felons incarcerated in state prisons. The state's correctional facilities will be operated in the most efficient manner possible.

This Governor's Budget supports the correctional programs required for the steadily increasing prison and parole populations which result from tougher criminal sentencing laws and increased law enforcement efforts. For example, although the most recent fall 1991 inmate population projections reflect a slowing in the rate of increase, the Department of Corrections projects the inmate population will grow to more than 109,800 by June 30, 1993. This will require a prison and parole workforce of nearly 31,000 personnel years in 1992–93. As shown in Figure 7-A, funding to support the various programs within the Youth and Adult Correctional Agency will grow to \$3.6 billion. This amount reflects a 6.6 percent increase over the revised current year budget. Despite the growth in the size of these programs and the Department of Corrections specifically, it should be noted that for Calendar Year 1989, California was ranked only 17th among 50 states in its incarceration rate for prisoners who are sentenced to more than 1 year, having an incarceration rate of 283 inmates per 100,000 state population, compared to a nationwide rate of 261 inmates.

The following expenditure programs are included in the 1992–93 Governor's Budget.

Department of Corrections

The Department of Corrections (CDC) is responsible for the incarceration of convicted felons and for the supervision of these felons after their release on parole.

By January 1992, California's prison population will have grown from less than 35,000 inmates in 1983 to more than 102,000. The Department now operates 22 institutions, 10 reception centers, 41 camps and 55 community correctional facilities with a total design capacity of 62,000. In spite of the record levels of inmates and the fact that the California prison system is operating at more than 170 percent of its designed capacity, the rates for violent incidents and escapes have decreased. During the last eight years, the parole population climbed at an even faster rate, growing from less than 25,000 to nearly 82,000.

The Governor's Budget provides \$2.9 billion, including \$246 million in general obligation bond debt service costs and 30,816 personnel years for 1992–93 to accommodate these expanding populations (see Figure 7-B).

The Department's institution population will increase from 104,433 on June 30, 1992 to 109,834 by June 30, 1993, an increase of 5,401 inmates or 5.2 percent. The 1992–93 budget increases 1,427 personnel years and \$189 million over the revised 1991–92 budget to support this increased population and the staff and operating costs to fully activate the new institutions at Delano in Kings County and at Lancaster in Los Angeles County.

The parole population will increase from 84,664 on June 30, 1992, to 92,367 on June 30, 1993, an increase of 7,703 parolees or 9.1 percent. Supervision of this population will require an additional 193 personnel years at a cost of \$6.0 million for the budget year.

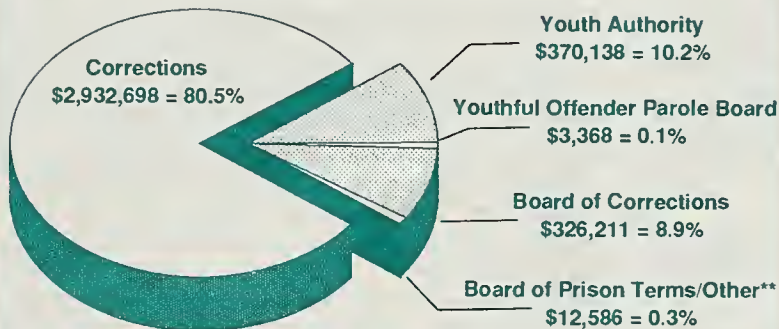
A major policy objective of this Administration is to provide inmates meaningful employment and training to help ensure a positive transition when they re-enter society. The number of inmates working or being trained will increase from 30,000 in 1984–85 to 63,900 by 1992–93.

Despite the significant efforts that have been made to find inmate work opportunities, the continued rapid growth in inmate population makes full inmate employment an increasingly difficult goal. Too few current jobs offer inmates pay and the opportunity for the state to

Figure 7-A

**Youth and Adult Correctional Agency
Proposed 1992-93 Expenditures***
All Funds

(Dollars in Thousands)



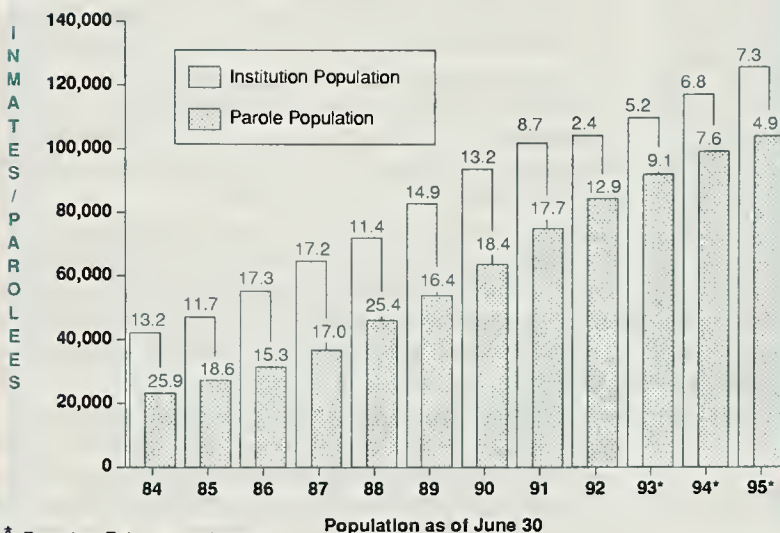
*Includes state operations and local assistance costs only.

**Includes Agency Secretary and Presley Institute.

Figure 7-B

**Department of Corrections
Institution and Parole Population Growth**

(Populations and Percent Change)



* Based on Fall 1991 estimates

Population as of June 30

recoup any of the inmate's costs of incarceration. The passage of the Prison Inmate Labor Initiative of 1990 (Proposition 139) allows the Department of Corrections to create jobs in cooperation with private enterprise which in turn provides inmates more transferable work experience and generates income for inmates, crime victims and the state.

The Governor's Budget also supports new programs developed by the Department to help reduce prison crowding and keep parolees from returning to prison. Among these programs are 400 additional community facility beds to be acquired by June of 1993. These facilities house non-violent parole violators or soon-to-be-released inmates who are enrolled in work reentry programs.

In addition, \$13.5 million is proposed to prevent parole failure by providing shelter, employment preparation, literacy training and substance abuse treatment services to prevent reincarceration of parolees. These resources are in addition to \$5.5 million already included in the budget for the Bay Area Services Network, which along with the proposed Los Angeles and San Diego Services Networks, will provide substance abuse treatment for approximately 2,600 inmates and parolees. The 1992-93 Budget also proposes to pilot an Alternative Sentencing Program (ASP) with 176 beds at San Quentin State Prison. The ASP consists of a 120-day highly structured and regimented incarceration program designed to modify lifestyle and behavioral expectations for selected felony offenders serving their first term of state incarceration. The incarceration program is followed by an intensive 180-day "aftercare" parole supervision program, the successful completion of which will allow discharge from parole.

This budget also reflects the Department's efforts to improve inmate health services. The 1992-93 budget provides \$1.5 million and 27 personnel years to support 472 additional beds for HIV-infected inmates at the Vacaville facility, \$3.3 million and 61.3 personnel years to support outpatient psychiatric services for 848 more inmates and \$1.5 million redirected

from existing resources to support the 21 personnel years needed for a systemwide infectious disease control unit.

To more efficiently manage fiscal and personnel resources, \$1.994 million in Petroleum Violation Escrow Account (PVEA) funds is proposed to restructure the department's decentralized, manual routing and scheduling system for inmate and parolee transportation into a centralized and automated system. This will allow the department to limit its energy costs, reduce staff time spent manually routing and scheduling transports and to move inmates and parolees in a safer, more efficient manner.

Prison Construction

Over the past nine years, CDC has been responsible for managing the most extensive and aggressive prison construction program in the history of the nation. The impetus behind new prison construction has been the dramatic growth in prison population which in turn results from tougher laws and more severe penalties. No new prisons had been built in California since the 1960s resulting in the overcrowding of the prison population reaching a crisis level and accelerating the deterioration of existing prisons. As the prison population continued to climb, the New Prison Construction Program, administered by CDC, was established.

Before the New Prison Construction Program commenced, there were 12 prisons in the state prison system. To date, 20 major projects, which include three 500-bed additions and new modular housing units at existing institutions, varying in size from 100 to over 3,000 beds have been completed. In addition, 13 new conservation camps were added and three existing camps were expanded. There are 1,000 additional camp beds in the planning and design stage and 40 under construction. Upon completion, there will be a total of 5,018 camp beds. Three new prisons are presently under construction: California State Prison—Imperial County (South) near El Centro, California State Prison—Los Angeles County near Lancaster and California State Prison—Riverside County II which is adjacent to Chuckawalla Valley State Prison. Construction is scheduled to begin in 1992 for the California State Prison—Fresno County near Coalinga. Another new prison project, the California Reception Center in Los Angeles, has been fully designed and is ready to begin construction pending resolution of current litigation. A joint-use reception center and 300-bed county facility in Marin County adjacent to San Quentin State Prison is also in the planning and design stage. The Legislature has also authorized the construction of two other prisons, one in Lassen County (Susanville) and another in Madera County (Madera County II), to be built adjacent to existing prisons. With the failure of the November 1990 Prison Construction Bond Act, there are insufficient funds available to complete these projects. However, design work continues on these projects using the June

1990 Prison Construction Bond Act. Upon the completion of these projects, CDC will have added approximately 52,000 prison beds to the 26,000 beds available at the beginning of the New Prison Construction Program. (Refer to Table 7-1 for a listing of all new prison-bed projects.)

A significant contribution to this effort has been CDC's use of various prototype building plans which, depending on the level and mission, can be refined and adapted, as needed, to new sites. The use of prototype building plans not only streamlines design and the construction process but also reduces design and construction costs.

The prison population is, however, expected to continue to increase. Presently, all prisons are significantly overcrowded. Unless the new projects in Lassen and Madera Counties are completed as well as siting and building of additional prisons, the state prison system will be operating at about 188 percent of design capacity by mid-1997. Even taking into consideration the approximately 7,600 planned community correctional beds, the occupancy rate would be reduced to about 178 percent. Figure 7-C illustrates this disparity. Gymnasiums and dayrooms have been converted to house inmates that cannot be accommodated by double-celling and the overcrowding of dormitories.

Financing the costs of new prison construction has been provided through a mixture of funding methods comprised of a combination of general obligation bonds, revenue bonds backed by lease purchase agreements and direct appropriations from the General Fund. General obligation bonds are the cornerstone. Five Prison Construction Bond Acts totaling \$2.6 billion of the \$4.3 billion New Prison Construction Program were approved by the voters in 1981, 1984, 1986, 1988 and 1990. The Legislature has also authorized a total of \$1.8 billion in financing of prison construction through State Public Works Board issued lease purchase revenue bonds.

Even with the number of new beds added to the prison system, the increasing population puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged overcrowding, combined with court decisions which specify conditions under which inmates may be housed, required major capital improvements to many existing facilities.

The Governor's Budget proposes \$29.9 million from various Prison Construction Bond Acts to renovate the state's existing prison facilities. A portion of this will be funded from a proposed 1992 prison construction bond measure. Allocations are included for:

- Infrastructure rehabilitation and expansion projects.
- Mitigation of environmental discharge and contamination problems.
- Numerous projects to rehabilitate, replace and/or expand inmate programming and support services space.

Table 7-1

**Department of Corrections
New Prison Bed Construction Projects**

<i>Major Projects</i>	<i>Design Bed Capacity</i>	<i>Construction Start^a</i>	<i>Initial Occupancy</i>
NEW PRISONS—COMPLETED:			
Mule Creek State Prison.....	1,700	January 1985	June 1987
Richard J. Donovan Correctional Facility at Rock Mountain	2,200	May 1985	July 1987
Northern California Women's Facility	400	November 1985	July 1987
Avenal State Prison	3,034	December 1985	January 1987
CSP-Kings County at Corcoran	2,916	September 1986	February 1988
Pelican Bay State Prison	2,280	March 1987	December 1989
Chuckawalla Valley State Prison	2,000	May 1987	December 1988
Central California Women's Facility	2,000	October 1988	October 1990
Wasco State Prison-Reception Center	2,484	May 1989	February 1991
Calipatria State Prison.....	2,208	March 1990	January 1992
CSP-Kern County, Delano	2,492	February 1990	October 1992
Subtotal	23,714		
MAJOR EXPANSIONS—COMPLETED:			
California Men's Colony-West, Renovation.	900	1983	June 1984
Southern Maximum Security Complex.....	1,000	June 1983	October 1985
California Medical Facility-South	2,404	January 1984	August 1984
CSP-Sacramento County at Folsom	1,728	April 1985	October 1986
Three 500-Bed Additions	1,500	November 1985	August 1986
California Institution for Women, Special Housing Unit.....	100	October 1986	June 1987
Subtotal	7,632		
OTHER PROJECTS—COMPLETED:			
Camps	1,330	Various	June 1984
Modular Housing Units	1,000	Various	June 1984
Subtotal	2,330		
OTHER AUTHORIZED PROJECTS:			
CSP-Los Angeles County	2,200	October 1990	October 1992
CSP-Imperial County (South)	2,208	July 1991	October 1993
CSP-Riverside County II.....	2,400	January 1992	October 1993
CSP-Fresno County at Coalinga.....	2,208	April 1992	October 1993
New Camps and Expansions.....	1,040	Various	Various
CSP-San Quentin Joint-Use Correctional Facility	2,650	Pending ^b	Pending ^b
CSP-Madera County II	1,984	Pending ^c	Pending ^c
CSP-Lassen County II (Susanville)	2,152	Pending ^c	Pending ^c
California Reception Center-Los Angeles ..	1,450	Pending ^d	Pending ^d
Subtotal	18,292		
GRAND TOTAL.....	51,968		

^a First groundbreaking.

^b Schedules to be developed upon completion of Environmental Impact Report.

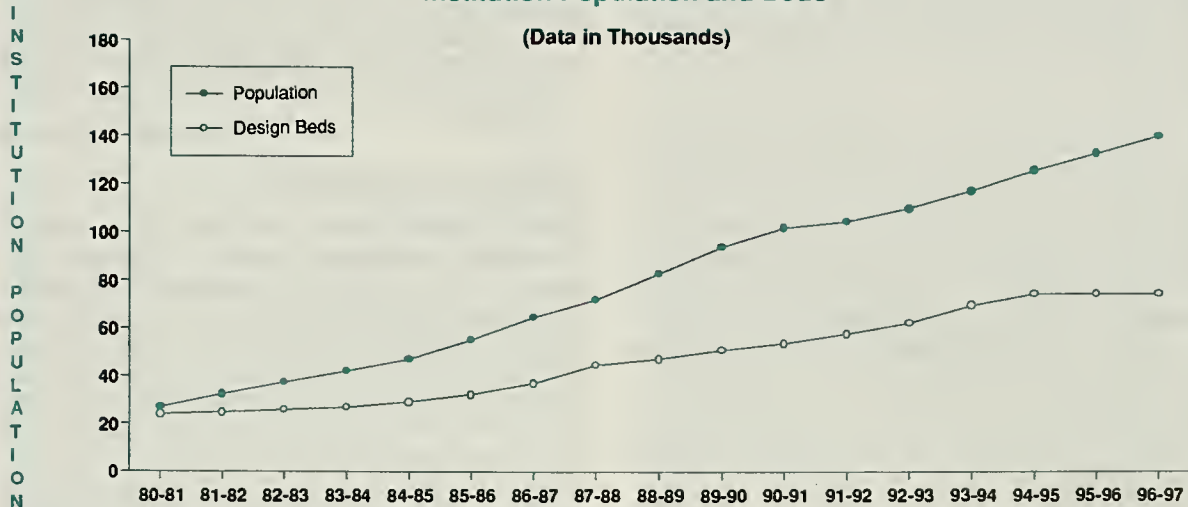
^c Requires funding to complete construction.

^d On hold due to pending litigation.

Figure 7-C

Department of Corrections
Institution Population and Beds

(Data in Thousands)



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps as of June 30 of each fiscal year. Additional bed space is provided through other means, such as:

- o Addition of a second bed in individual cells.
- o Addition of temporary beds in gymnasiums, dayrooms, auditoriums and dormitories.
- o Addition of Return-to-Custody and other community-based facility beds obtained by contracts with local governments and private vendors.

In addition to the \$29.9 million proposed in the Governor's Budget, the Department will be requesting funding in the Spring for 4 projects to mitigate environmental/safety issues once on-going scope and cost studies have been completed.

A successful approach utilized by CDC on existing facility projects has been the Inmate Day Labor Program which employs inmates under the supervision of union members to accomplish capital outlay projects. Since the inception of the Program, it has provided meaningful work and new skills for inmates. Significant accomplishments under this Program include modification of space to accommodate inmate population increases, renovation of existing building space including hospital space and construction of new buildings.

Department of the Youth Authority

The Department of the Youth Authority protects society from criminal and delinquent behavior by young people and provides training and treatment directed toward helping these youths become productive citizens. The Department also provides funding to local governments to build juvenile detention facilities under the 1986 County Correctional Facility Capital Expenditure Bond

Act and the 1988 County Correctional Facility Capital Expenditure and Youth Facility Bond Act.

The Governor's Budget proposes a total of \$347 million and 5,100 personnel years for the operation of the Department, which consists of 11 institutions and 4 conservation camps, as well as local assistance funding of \$23.2 million for 1992-93.

Youth Authority institutions are projected to house 8,306 wards by June 30, 1992. This is 75 more than the previously budgeted level of 8,231. By June 30, 1993, the institutions population is estimated to be 8,643 and reflects an overall population increase of 412. Included in these estimates is a decrease of 55 wards due to the implementation of a highly structured program for youthful offenders with a chemical abuse or addictive personality. This program proposes to use an intensive military model program designed to prevent a ward's further incursion into the criminal justice system.

To date, the Department has fully implemented or begun eleven "bed-saving" alternative programs to reduce the ward population within the institutions. When fully implemented, including the new program described above, these programs will have avoided the need for 1,378 beds, thus limiting institution crowding to approximately 130 percent of design capacity during the budget year.

The programs focus on preparing the wards for successful reintegration in the community as productive citizens. Public protection is further increased by providing early detection of problems and early intervention through parole violator services, intensive parole supervision, home restriction involving the use of electronic monitoring devices, secure and structured community drug abuse treatment and ongoing job counseling programs.

To lower the crowding level in the Department of the Youth Authority's facilities, the Department has constructed 1,100 new institutional beds. Even with the addition of the new beds, Youth Authority's existing institutions have been experiencing deterioration due to the age of the facilities and the constant crowding level of the ward population. To offset the deterioration, the Department's Capital Outlay Program has been renovating existing facilities. The Governor's 1992-93 Budget proposes funding in the amount of \$4.1 million for a sports area at the Ventura School, a maintenance building at the Fred C. Nelles School, the upgrading of the ventilation system at Heman G. Stark Youth Training School Public Service Unit and \$2.8 million for several minor capital outlay projects statewide.

Finally, to support local juvenile facilities, the Department of the Youth Authority will allocate \$19.5 million in both the 1991-92 and 1992-93 fiscal years from County Correctional Facility Bond funds.

Figure 7-D illustrates actual crowding levels since 1987 and projected crowding levels through 1997. Most recently, on June 30, 1991, the Department was operating at 122 percent of institution design capacity. Future operating levels are expected to gradually increase and reach 155 percent of design capacity by the end of fiscal year 1996-97.

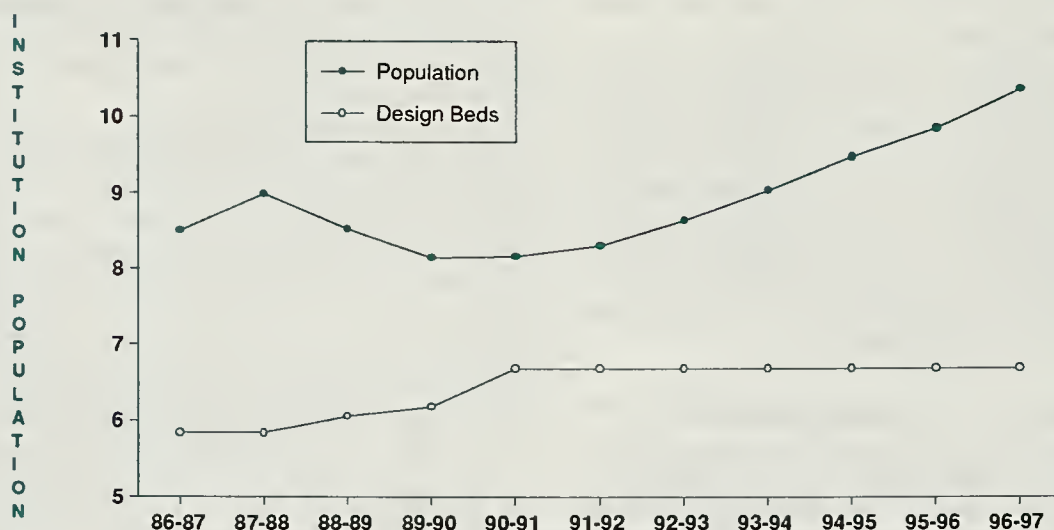
Board of Corrections

Local detention facilities are also under pressure to handle the increasing number of criminals requiring incarceration. Local governments must also deal with court orders which significantly limit capacity in many older jail facilities. The 1992-93 Budget provides \$4.9 million and 48 personnel years for the Board of Corrections to support the construction and operation of local jail facilities. The County Jail Construction Financing Program in the Board of Corrections was started in 1980 to provide counties funding for remodeling or construction of county jails. Since then, five bond acts totaling nearly \$1.5 billion have been passed for this purpose.

Figure 7-D

Department of the Youth Authority Institution Population and Beds

(Data in Thousands)



NOTE: "Beds" represent the institutional design capacity of authorized institutions and camps as of June 30 for each fiscal year. Projected population reflects all approved "bed-saving" alternative programs.

More than \$835 million have been disbursed to counties through 1990–91, \$198 million is estimated for disbursement during 1991–92 and \$188.9 million is proposed for distribution in 1992–93. Local jail capacities will be increased more than 27,100 beds and over 3,491 beds will be replaced. Additionally, the Governor's Budget will provide \$10.7 million and \$11.7 million in assistance to counties for training of local correctional and probation personnel for 1991–92 and 1992–93 respectively.

California Highway Patrol

The Department of the California Highway Patrol (CHP) is the largest highway patrol in the United States and is recognized for its leadership on public safety issues. This administration is firmly committed to maintaining this tradition of excellence to assure the safety of the motoring public and respond to their needs. For 1992–93, the Governor's Budget proposes a funding level of almost \$700 million and 9,136 personnel years for the CHP, an increase of 8.8 percent and 1.3 percent, respectively, above the 1991–92 levels.

The mission of the CHP is to protect the lives and property of motorists and to ensure the safe and efficient flow of traffic on the state's highway system. The Department's major priorities are the enforcement of traffic speed laws, elimination of driving-under-the-influence of drugs and alcohol (DUI), the use of seat belts by motorists, improving the safety of commercial vehicles (primarily trucks, semi-trailers and buses), traffic congestion relief, vehicle theft reduction, safe transportation of hazardous materials, and stopping the flow of drugs through the state. The Department carries out its mission through the activities of 9,018 uniformed and non-uniformed members stationed statewide. The CHP operates 99 area offices, eight division offices and a state headquarters in Sacramento. More than 98,000 miles of California's highways, about two-thirds of all roads in the state, are within the CHP's jurisdiction.

Traffic Congestion Relief. The Governor's Budget proposes an augmentation of \$1.1 million funded from reimbursements from the Department of Transportation to expand freeway service patrols, which are operated jointly by the CHP and Caltrans and are designed to reduce traffic congestion. The Budget also proposes \$495,000, funded in part by reimbursements from Los Angeles County, and 8 personnel years for freeway service patrols in the Los Angeles area. The freeway service patrols rove urban freeway segments during peak hours to reduce congestion by removing disabled vehicles or other obstructions from highway lanes.

Traffic Safety. Through the efforts of the CHP, substantial progress has been made in improving highway safety in the state. In 1990, California drivers logged an impressive 186 billion miles of travel on CHP-patrolled roadways. Yet, the mileage death rate, which is the number of deaths occurring on the highway system for each 100 million miles that motorists travel, was 2.0. The 1990 rate is lower than the national average and repre-

sents a significant drop from the 10-year high of 2.76 that occurred in 1980.

The CHP sustains a high level of safety through a variety of public education, traffic safety and special enforcement projects. These include ongoing road patrol efforts, aerial traffic services, special patrols to apprehend persons driving under the influence of drugs or alcohol, a comprehensive commercial vehicle enforcement program, an award-winning motorcyclist safety program, and a leadership role in state and national safety belt compliance programs.

Since 1986, when the state's safety belt law went into effect, California's mileage death rate has experienced consecutive all-time record lows—2.4 in 1987, 2.3 in 1988, 2.1 in 1989, 2.0 in 1990. During that time, safety belt usage by the state's motorists has virtually tripled, from 25 percent to 74 percent. As a result of the efforts of the CHP and the California Safety Belt Task Force, a body of local law enforcement agencies established in 1988, the state's safety belt usage rate is the second highest rate of any state in the continental U.S. In 1990, CHP officers issued more than 700,000 citations for safety belt violations; the total is expected to approach 750,000 in 1991.

Drug and Alcohol Enforcement. Almost half the fatal collisions in the state involve drunk drivers. Two new laws, one lowering the blood alcohol level used for determining whether a person is driving under the influence of drugs or alcohol, and the other empowering traffic officers to seize a drunk driver's license at the time of arrest, have substantially strengthened the resolve of the law enforcement community to wipe out drunk driving. During the last decade, the CHP arrested an average of 138,000 drunk drivers per year. For 1990, the total was 158,000. Furthermore, according to the Department of Motor Vehicles, more than 150,000 driver's licenses have been seized by traffic officers since the "administrative per se" law took effect on July 1, 1990.

To assure safety for the motoring public from persons driving under the influence, the CHP is engaged in a number of prevention activities. One of these efforts is the use of sobriety checkpoints on roads with high incidences of DUI-related accidents. In 1990, the CHP conducted approximately 80 sobriety checkpoint actions, almost 25 percent of them during the year-end holiday period. Similar totals are expected during 1991. These actions not only remove from the highway drivers who happen to get caught while driving under the influence, but also sensitize the public to the dangers of drinking and driving.

Another part of the CHP's campaign against driving under the influence is the Designated Driver Program, which encourages groups of people to designate one person as a non-drinker to ensure a safe trip home. This program will receive a significant boost in 1991–92 and 1992–93 from the increased revenue generated by the five-dollar surcharge on liquor license renewals required under recent legislation.

Transportation of Hazardous Material. To protect the public from the unsafe transportation of hazardous materials, the CHP licenses and regulates transporters of such materials. The CHP inspects hazardous materials carrier terminals, vehicles, equipment, and loading and shipment procedures to reduce the likelihood or severity of an accident involving these materials. In 1990–91, the CHP inspected 4,347 terminals handling hazardous materials, recorded 68,140 violations at carrier terminals, and conducted 18,616 inspections of containers transported by hazardous waste hauler vehicles. The Governor's Budget proposes \$5.6 million and 104 personnel years for this activity during 1992–93.

Commercial Vehicle Enforcement. To protect the public from the unsafe operation of commercial vehicles, the CHP operates a combination of scale and inspection facilities and deploys mobile road enforcement patrol units on highways without these facilities to inspect commercial vehicles for mechanical defects, driver fatigue, and failure to comply with weight, load, size, tie-down, vehicle registration and driver qualification requirements. The CHP frequently uses strike teams to concentrate patrol efforts at locations with heavy truck traffic and combines its ground and air units to ticket speeding trucks. The CHP also routinely visits motor carrier terminals to inspect drivers' records for violations of driving time, vehicle maintenance records for compliance, and vehicles for mechanical defects.

The Governor's Budget proposes an increase of \$2.3 million and 31 personnel years for the commercial vehicle enforcement program in 1992–93. This increased level of funding will allow the CHP to make additional follow-up inspections of commercial vehicles under the Biennial Inspection of Terminals Program.

In recognition of the impact of the CHP's Commercial Vehicle Inspection and Enforcement Program on maintaining safe and functional highways, the Governor's Budget also proposes funding part of the costs of this program from the State Highway Account. The Governor's Budget reflects the Administration's proposed policy of funding 50 percent of the operating costs of this program from the State Highway Account by proposing that \$16.1 million be appropriated to the CHP from the account in 1992–93.

Vehicle Theft. Vehicle theft continues to be a major problem in California. The CHP estimates that, in 1992–93, the number of stolen vehicles in California will increase to 331,000. In 1990–91, the CHP recovered 267,167 stolen vehicles valued at \$104 million. For 1992–93, the CHP estimates that its Vehicle Theft Control program will recover 283,000 stolen vehicles valued at \$113 million.

To protect the public from economic losses resulting from this crime, the CHP is engaged in several activities designed to discourage vehicle theft and to apprehend those who commit it. For example, the CHP has assigned officers full-time to investigate and prosecute vehicle thefts and vehicle theft rings and to coordinate

investigations with other law enforcement agencies. Additionally, the CHP and the Los Angeles Police Department and Sheriff's Office are engaged in a three-year pilot study to test Lojack, a pioneering anti-theft approach that uses a radio transmission device hidden in a vehicle that can be activated when the vehicle is reported stolen. Law enforcement agencies are able to use the radio signals to track the vehicle. The CHP also is conducting a pilot test of the International Teletrac system, which employs a similar, self-activating device.

To enable the CHP to address the state's vehicle theft problem, the Governor's Budget proposes \$12 million and 139 personnel years, a continuation of the current level of funding.

Telecommunications. The CHP's telecommunications system is one of the largest and most complex statewide systems in the United States, handling more than eight million calls each year. In recent years, expansion of roadside call boxes and mobile cellular phones has greatly expanded the demand placed on that system.

To maintain the effectiveness of the CHP telecommunications system, the Governor's Budget proposes an additional \$10.2 million and 99 personnel years for telecommunications equipment and services in 1992–93. This includes \$4 million for new and replacement equipment, \$2.4 million for site development and equipment installation at remote radio stations, and 50 personnel years to staff dispatch centers.

Office of Emergency Services

The Office of Emergency Services' (OES) primary mission is to coordinate emergency activities necessary to save lives and reduce losses from natural and human-caused disasters, and to accelerate recovery from the effects of disasters. The Office includes three programmatic divisions:

- **Mutual Aid Response**—This division provides emergency intergovernmental mutual aid services for immediate response to disasters. A statewide communication system is maintained to obtain and disseminate critical information to all levels of government and the public.
- **Plans and Preparedness**—This division is responsible for the development of emergency response plans and preparedness activities at the state and local level. Training is provided through the California Specialized Training Institute covering a variety of subjects including preparedness, mitigation, response and recovery, earthquakes, hazardous materials incidents, terrorist incidents, and technical skills programs related to public safety.
- **Disaster Assistance**—This division provides aid to state and local agencies for repair and restoration of facilities and necessary services pursuant to the Natural Disaster Assistance Act and the Federal Disaster Relief Act.

The 1992–93 Governor's Budget includes \$29.3 million, \$16.0 million from the General Fund, and 275 personnel years for OES' operations. Another \$181.0 million, including \$19.8 million from the Disaster Relief Fund is included for payment to local government for losses incurred in previous disasters and other disaster relief activities. The budget also includes an augmentation of \$109.0 million in 1991–92 from the Disaster Relief Fund for transfer to the Natural Disaster Assistance Act accounts to provide relief for the Loma Prieta Earthquake of October 17, 1989.

Department of Justice

The constitutional office of the Attorney General, as the chief law enforcement officer of the state, is responsible for ensuring that California's laws are uniformly enforced. This responsibility is fulfilled through the diverse programs within the Department of Justice. The Attorney General represents the state in civil proceedings; represents the people in matters before the Appellate and Supreme Courts of California and the United States; represents the people in actions to protect the environment and to enforce consumer, antitrust and civil rights laws; and assists district attorneys in the administration of justice. The department's law enforcement activities include: forensic laboratory support for state and local law enforcement agencies; the operation and maintenance of statewide criminal history and other criminal identification databases; the participation in multi-jurisdictional narcotics enforcement efforts; and the investigation and prosecution of organized criminal activity and major fraud conducted in California.

For 1992–93, the Governor's Budget proposes 3,964 personnel years and \$302.2 million, which includes \$177.5 million for the Division of Law Enforcement, \$52.1 million for the Criminal Law program, \$45.1 million for the Civil Law program and \$22 million for the Public Rights program.

The major budget adjustments in 1992–93 include:

- An increase of \$5.8 million and 68 personnel years to meet special fund and reimbursable workload in the Civil Law Division to meet workload needs of client state agencies, boards and commissions in civil litigation. Of this amount, \$3.5 million and 42 personnel years is to provide additional support to the Health Quality Enforcement Section, which was recently created within the department by legislation enacted in 1990. This section's primary responsibility is to prosecute proceedings against licensees and applicants under the purview of the Medical Board of California.
- An increase of \$3.3 million and 44 personnel years to meet legal services workload increases in the Appeals, Writs and Trials Section. This section is the core unit which carries out the Attorney General's constitutionally mandated responsibilities in the criminal courts. This increase will allow the section to represent the people's interest in all non-death penalty

appeals, all death penalty appeals and writs, state and federal habeas corpus matters and all criminal trials where local prosecutors cannot proceed due to conflicts or recusal.

- An increase of \$1.3 million and 10 personnel years to complete the full implementation of the Bureau of Forensic Services' DNA (deoxyribonucleic acid) program. Specifically, this augmentation will allow for completion of the core laboratory in Berkeley to begin the analysis of blood samples collected from felons convicted of homicide, sexual assault, and other violent crimes, as required by Penal Code Section 290.2, for inclusion in a DNA identification database, and to process casework for the counties served by the Bureau. DNA fingerprinting, using biological evidence such as hair, blood, skin and semen samples left at crime scenes, has been hailed as the most significant breakthrough in linking suspects to their crimes since the advent of conventional fingerprinting.
- An increase of 67 personnel years and \$9.4 million for the continued implementation of a Statewide Integrated Narcotic System (SINS), which began in 1991–92. The objective of SINS is to develop a strategy and implement a system that will assist law enforcement in providing a coordinated and multi-jurisdictional effort to control and combat the war on illegal drugs assisted by the use of the latest computer technology. The program benefits from SINS will include greater officer safety, reduced duplication of efforts among law enforcement agencies, and promote the exchange of information crucial to successful multi-jurisdictional investigations. Funding for this project is provided by grants from the Los Angeles and Southwest Border High Intensity Drug Trafficking Area (HIDTA) and monies received by Los Angeles County from the Office of Criminal Justice Planning which administers the federal Anti-Drug Abuse grant program for California.

Judicial *

Article VI of the California Constitution creates the Supreme Court and creates the Courts of Appeal to exercise the judicial power of the state at the appellate level. In addition, the Article establishes the Judicial Council to administer the state's judicial system, and creates the Commission of Judicial Performance to consider complaints against judges.

For 1992–93, a budget of \$157.4 million and 1,102 positions is proposed for the State Judiciary. Of that amount, funding for court appointed counsel is \$43 million, a fourteen percent increase over the current year level.

* The proposals included in this budget are those submitted by the Judicial Branch of State Government and do not necessarily reflect the Governor's position on these issues.

Environmental Quality

We have to remember that government doesn't create jobs, entrepreneurs do. And to free entrepreneurs we need to cut red tape. So we've established Cal-EPA to give business one-stop shopping when it comes to environmental regulation.

Governor Pete Wilson
November 1991

The protection of the environment is essential to every aspect of life in California. To assist in maintaining the necessary balance in state policies, the California Environmental Protection Agency (Cal-EPA) was created in 1991 as a result of a reorganization plan initiated by the Administration. Cal-EPA assembles key environmental regulatory and policy-setting authority previously scattered among various state organizations under one Agency.

Specifically, the Agency was created to support the following policies of the Administration:

- identify activities, processes and substances which present the greatest risk to public health and the environment.
- set risk-based priorities on rigorous and internally consistent science.
- prevent the creation of pollution, as well as control existing sources of pollution.
- maintain a balance between environmental protection goals and economic progress.
- maintain a vigorous, predictable enforcement effort.
- open the regulatory decision-making process to the public.

Each of these policy perspectives is important. However, while the balance between the environment and economy is always important, it is critical during times when the economy is less vigorous. The role of the Cal-EPA during unsettled economic times is much more important to insure the protection of the environment while avoiding unnecessary impediments to economic growth.

The utilization of the Governor's reorganization planning process to create the Cal-EPA was intended to resolve the most urgent of organizational problems—establishing a basic environmental agency. However, it is recognized that other structural changes may still be required. The continuation of a "rolling reorganization" is being considered further by Cal-EPA and will be pursued in the future, legislatively, if determined to be appropriate.

The 1992–93 Governor's Budget proposes expenditures of \$916.6 million and 3,936 personnel years by Cal-EPA to address the environmental problems facing California; a 16 percent increase above 1991–92 expenditures. Allocation of 1992–93 funding among the boards, departments, and offices within Cal-EPA is shown in Figure 8-A. Major programs within the Cal-EPA are highlighted below.

Office of the Secretary

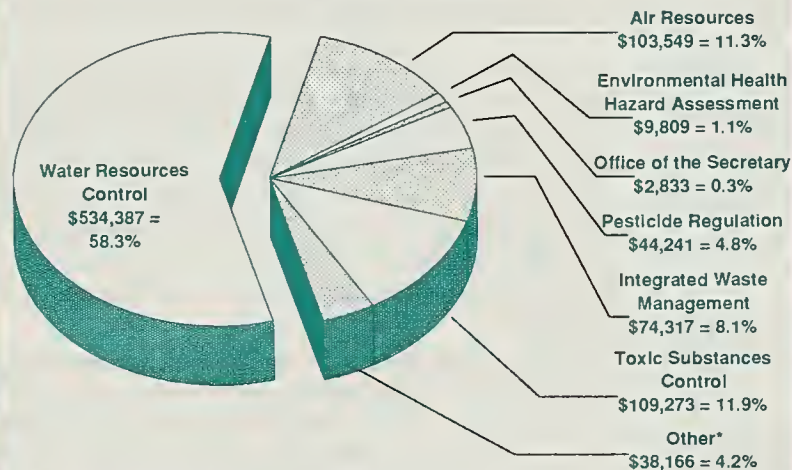
The Secretary for Environmental Protection, a member of the Governor's Cabinet, advises the Governor on major policy and programmatic matters involving environmental protection.

The Agency is working toward the achievement of the Administration's environmental protection goals. As Cal-EPA undertakes its mission, one major focus of initial activity has been to improve the efficiency of its programs, streamline its review and approval processes, and, in general, ensure that it is expending its resources in a cost-effective manner. Specific projects of note include:

- An intensive review of the state toxics program to identify and recommend program improvements.
- A review of environmental permit processes, aimed at identifying administrative and statutory measures to clarify, simplify, and accelerate the review and issuance of regulatory permits.
- The "California Comparative Risk Project", which will evaluate the health and ecological risks posed by California's environmental problems, to help guide Cal-EPA in determining what its environmental priorities should be.

Figure 8-A

**California Environmental Protection Agency
(Cal-EPA)
Proposed 1992-93 Expenditures
All Funds
(Dollars in Thousands)**



*Other includes: Payment of Interest on Pooled Money Investment Account loans and General Obligation bond debt service.

- A review of the implementation of Proposition 65 to build upon the successes of the program to date and identify remaining issues of concern.

The 1992-93 Governor's Budget proposes \$2.8 million and 27 personnel years in total funding for the Office of the Secretary. This proposal reflects the transfer of certain existing functions from the Office of the Secretary to other operating boards and departments within the Agency where such functions are more appropriately performed.

Air Resources Board

The Air Resources Board has primary responsibility for protecting air quality in California by establishing ambient air quality standards for specific pollutants, controlling motor vehicle emissions statewide, and coordinating with local programs to control stationary sources of air pollution. These efforts require monitoring of ambient air pollution throughout the state and ongoing research in various air pollution areas, such as indoor air pollution, toxic air contaminants and acid deposition. In addition, the Board is responsible for the review and approval of local district air quality management plans.

The 1992-93 Governor's Budget proposes \$103.5 million and 873 personnel years in total funding for the Air

Resources Board, including additional funds for expansion of the following priority activities:

- \$3.1 million and 19 personnel years to improve the motor vehicle emission inventory, which is used to determine the most efficient way to meet ambient air quality standards.
- \$1.5 million and 7 personnel years to develop test methods and a compliance program to ensure the reduction of volatile organic compounds emitted from consumer products.
- \$4.3 million and 17 personnel years to ensure that newly adopted regulations to control motor vehicle emissions are effectively implemented.
- \$500,000 and 5 personnel years to implement the heavy-duty vehicle inspection program.
- \$1 million and 2 personnel years, to be funded from the Petroleum Violation Escrow Account, to develop an emissions model to be used by oil refineries to meet air emissions regulations and to implement a demonstration project for light-duty methanol powered vehicles.

California Integrated Waste Management Board

The focus of the California Integrated Waste Management Board is to protect public health and safety and the environment by ensuring the responsible management of the state's non-hazardous waste stream, and to promote waste management practices aimed at reducing the amount of waste that is disposed of in landfills. With the enactment of the California Integrated Waste Management Act, the Board is now charged with reducing California's waste stream by at least 50 percent by the year 2000 through the use of the following methods: source reduction, recycling and composting, and environmentally safe transformation or land disposal.

The Governor's Budget for 1992-93 proposes a total funding level of \$74.3 million and 415 personnel years for the Board, including additional funds for the expansion of the following priority activities:

- \$2.3 million and 23 personnel years for implementation of the California Oil Recycling Enhancement Act to reduce the illegal disposal of used oil and to recycle and reclaim used oil to the greatest extent possible.
- \$1 million and 8 personnel years to implement recently enacted legislation which authorizes: the develop-

ment of a source reduction and recycling program in school districts; a study of the potential for recycling telephone directories; development of a model recycling ordinance for local governments and regulations governing use of sewage sludge.

Department of Pesticide Regulation

The Department of Pesticide Regulation was established in Cal-EPA to administer and enforce state and federal laws and regulations governing the use of pesticides. Prior to the establishment of Cal-EPA, the new department operated as a program within the Department of Food and Agriculture. The major responsibilities of the department are to: (1) evaluate and register all pesticides prior to sale or use in California; (2) identify and develop mitigation measures for potential risks from pesticide use; (3) promote worker health and safety by reviewing exposure studies and use practices; (4) assess environmental impacts of pesticides and identify, develop, and promote effective alternatives to pesticides; (5) ensure enforcement of state and federal laws and regulations governing pesticide use including licensing, permitting, product quality and residue monitoring programs; and (6) collect, process and disseminate pesticide use information.

The 1992–93 Governor's Budget proposes total expenditures of \$44.2 million and 351 personnel years for the department. Significant budget adjustments include:

- \$785,000 and 3 personnel years to develop new product suspension, data call-in, and hearing processes related to active ingredients in pesticides. These activities will result in either the closure of data gaps identified by the Birth Defects Prevention Act, or in the suspension of those pesticide products for which data gaps remain.
- \$527,000 for additional workload generated by the implementation of the 100 percent pesticide use reporting requirement.
- Legislation will be proposed to extend 9 mills of the 18 mill pesticide mill tax which would otherwise sunset June 30, 1992.

State Water Resources Control Board

The State Water Resources Control Board protects water quality and allocates rights to the use of surface water. The Board implements programs to ensure prevention, clean-up and containment of water pollution. The Board's responsibilities also include coastal water protection with activities including research, monitoring, and regulatory oversight. Finally, the State Board issues permits for water rights specifying amounts, conditions, and construction timetables for diversion and storage of surface water.

The 1992–93 Governor's Budget proposes \$534.4 million in total funding for the Board and 1,274 personnel years, including additional funds for expansion of the following priority activities:

- \$3.3 million and 55 personnel years to address workload in the Board's core permitting, inspection, and enforcement programs. This increase represents the second year of a planned two-year program augmentation to reduce substantial permitting and waste discharge requirement backlogs and better regulate approximately 6,600 surface water and land discharges.
- \$4.5 million and 20 personnel years to establish an agricultural water quality control program to protect California's water quality from the impact of agricultural drainage discharges.
- \$1.8 million augmentation for the Bay Protection and Toxic Clean-up Program, which identifies and plans for the clean-up or mitigation of toxic hot spots in California's bays and estuaries.
- \$5.9 million and 20 personnel years to provide the staff oversight needed to accomplish new Underground Storage Tank Cleanup Fund regulations and to recover costs spent on oversight of clean-up activities from responsible parties who have failed to pay.

Department of Toxic Substances Control

The Department of Toxic Substances Control was established within Cal-EPA to protect the public from the adverse effects of toxic substances and hazardous wastes. These objectives are accomplished by regulating the generation, treatment, storage, disposal, clean-up and transportation of hazardous waste; by promoting source reduction of hazardous waste; and by promoting the use of alternative technologies. Prior to the establishment of the Cal-EPA, the Department of Toxic Substances Control operated as a division within the Department of Health Services.

The 1992–93 Governor's Budget proposes \$109.3 million and 900 personnel years for the Department of Toxic Substances Control, including additional funds for the expansion of the following priority activities:

- \$2.6 million and 6 personnel years to implement the Railroad Accident and Prevention Immediate Deployment Force to respond to toxic releases resulting from surface transportation accidents.
- \$214,000 and 4 personnel years to inspect used oil recycling facilities annually.
- \$123,000 to enhance the manifest processing system in order to produce more current information relating to hazardous waste activity.
- \$220,000, redirected from lower priority activities, for the expansion of the cost recovery unit to pursue full recovery of costs that have been incurred by the department for the clean-up of contaminated sites.

Office of Environmental Health Hazard Assessment

The Office of Environmental Health Hazard Assessment provides scientific and technical expertise in assessing the human risks of chemicals in the environment. Its primary role is to perform or review risk assessments for various Cal-EPA programs, as well as other state and local agencies. In fulfilling this role, the Office of Environmental Health Hazard Assessment provides technical and scientific support, consultation, and training to state regulators, local government agencies and the public.

Prior to the establishment of the Cal-EPA, the Office of Environmental Health Hazard Assessment operated as a division within the Department of Health Services.

The 1992-93 Governor's Budget proposes \$9.8 million and 96 personnel years for the Office, including additional funds for expansion of the following priority activities:

- \$380,000 and 4 personnel years to develop and maintain a list of chemicals transported by railroad lines that could pose a public health and environmental concern in the event of an accidental spill.
- \$300,000 and 4 personnel years to provide the California Integrated Waste Management Board with toxicological and health risk assessments related to solid waste issues.
- \$258,000 and 1 personnel year for the development of toxicity values for emergency planning that will address risks to public health and the environment due to industrial accidents.
- \$466,000 and 6 personnel years for operation of the Hazardous Materials Data Management Program, transferred from the Office of the Secretary effective January 1, 1992 and continuing into 1992-93.
- \$689,000 and 2 personnel years for operation of the Hazardous Substance Clean-up Arbitration Panel, and the Environmental Assessors Program, proposed to be transferred from the Office of the Secretary, via legislation, effective January 1, 1993.

Business, Transportation and Housing

Join me in trying to build a California to which people will want to come, as have so many of us, to build homes, raise families and realize dreams. A California that is a haven for the oppressed, but also a beacon for the ambitious. That is my vision for our state.

Governor Pete Wilson
December 1991

The Business, Transportation and Housing Agency's primary responsibilities are to strengthen California's business and housing climates and develop a safe and effective transportation system. The programs administered by the Business, Transportation and Housing Agency are critical elements in the state's recovery efforts from the immediate cyclical problems and in this Administration's long-term strategy of expanding the state's economy by developing its labor force, businesses and infrastructure.

For 1992-93, the Governor's Budget proposes expenditures of almost \$9 billion and 41,583 personnel years to address the business, transportation and housing needs of the state. The allocation of these funds among the Business, Transportation and Housing Agency departments is shown in Figure 9-A.

Budget Highlights

Business. The 1992-93 Governor's Budget for Business, Transportation and Housing departments proposes \$534 million and 2,570 personnel years to promote business development and job creation in California and to protect the public from economic loss and illegal or unethical business practices. Included in this total are \$3.7 million to expand the Department of Commerce's Tourism Program, \$861,000 to strengthen the state's business retention efforts, and \$438,000 to assist small and medium-sized businesses in addressing environmental laws and regulations.

Transportation. The Governor's Budget proposes more than \$6.3 billion to develop and maintain California's 15,200 miles of highway and mass transportation systems. Included in this total are budget authorizations of \$126 million to continue the state's Transportation Systems Management activities, which are aimed at reducing congestion on the state's highways, \$173 million for the Local Participation Program, which brings local and state transportation agencies together to solve local transportation problems, \$310 million to improve the seismic safety of the state's roads and bridges and \$55 million for the State Transportation Assistance Program, which provides assistance to local transit operators. In addition, the Budget proposes to authorize \$2.9 billion of federal, state and local funds for highway construction and right-of-way projects and \$865 million for mass transportation projects from funds made available by the passage of Propositions 108, 111 and 116 in June 1990.

The 1992-93 Budget also proposes more than \$537 million to promote driver safety and to maintain the state's vehicle registration, vehicle identification and driver's license programs. Currently, more than 25.5 million vehicles are registered in California, and more than 19.9 million residents are licensed to drive in the state.

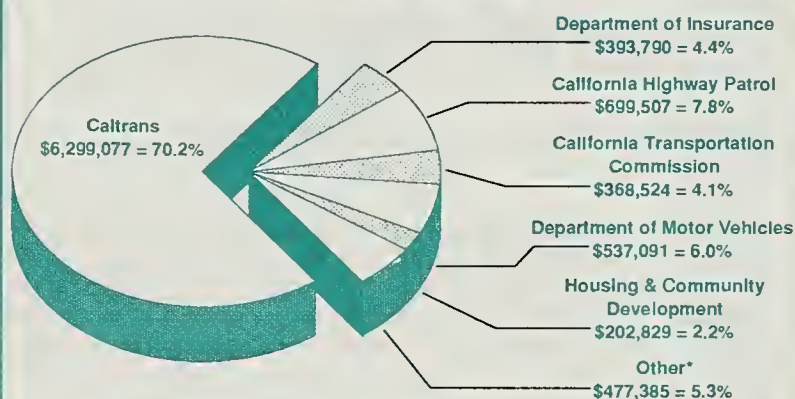
Public Safety. The budget contains approximately \$700 million to support the California Highway Patrol (CHP), the state agency responsible for assuring the safety of the motoring public. Included in this total are \$2.3 million and 31 personnel years for the CHP to increase its inspections of commercial vehicles and \$1.1 million to expand freeway service patrols conducted jointly by the CHP and Caltrans. The freeway service patrols have been shown to be instrumental in minimizing the traffic congestion resulting from major highway incidents. (For further details on the CHP budget, refer to the Public Safety Section of this Summary—California Highway Patrol.)

Housing. The Governor's Budget includes almost \$203 million to provide assistance to construct and subsidize housing for low-income and moderate-income

Figure 9-A

**Business, Transportation and Housing
Proposed 1992-93 Expenditures
All Funds**

(Dollars in Thousands)



*Reflects allocations for the Department of Commerce, Department of Insurance, Department of Real Estate, Office of Real Estate Appraisers, Department of Alcoholic Beverage Control, Department of Corporations, State Banking Department, Department of Savings and Loan, Stephen P. Teale Data Center, Office of Traffic Safety, Special Transportation Programs, California Housing Finance Agency and other miscellaneous organizations. Also includes the costs associated with Business, Transportation and Housing mandates and debt service.

families and migrant farmworkers and to enforce construction standards for mobilehomes and manufactured homes. To supplement this, the California Housing Finance Agency will issue \$700 million of tax-exempt bonds in 1992-93 to finance below-market interest rates for first-time home buyers and sponsors of low-income and moderate-income multi-family housing projects in the state.

Business

Several Business, Transportation and Housing departments are actively involved in promoting economic development and safeguarding the savings and investments of the state's citizens. The agency with the primary responsibility for carrying out the state's economic development objectives is the Department of Commerce. The 1992-93 Budget provides \$40.8 million for the Department of Commerce to ensure that California remains a dynamic economic force.

State government's business regulation activities are designed to foster a sound financial and business climate and protect the public from economic loss and illegal or unethical business practices. The responsibility for these regulatory activities rests with the Department of Alcoholic Beverage Control, the Alcoholic Beverage Control Appeals Board, the State Banking Department, the Department of Corporations, the Department of

Insurance, the Department of Real Estate, the Office of Real Estate Appraisers and the Department of Savings and Loan. The Governor's Budget proposes \$492.7 million and 2,417 personnel years for these agencies during 1992-93.

Department of Commerce

State government has an important role to play in fostering a business climate wherein private industry can provide jobs for all Californians who wish to work. The state's role in establishing a favorable business climate is even more important during periods of economic uncertainty such as we face today. The state organization with primary responsibility for nurturing the state's business climate is the Department of Commerce. It focuses both on public policy issues that aid or hinder the business climate and direct assistance to companies seeking to locate or expand in California.

The Department of Commerce, with a staff of 152 personnel years and a proposed 1992-93 budget of over \$40 million, plays a vital role, in times of economic downturn, in fighting to

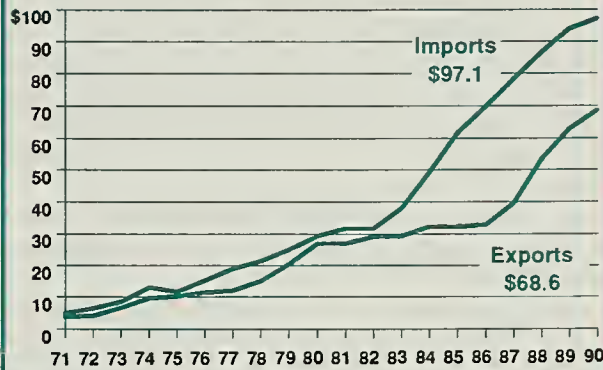
keep California competitive with other states and countries to retain current businesses, attract new business and industry, and to facilitate expansion of businesses already located here. Past efforts of the Department have contributed greatly to California's economic vitality. Even in this time of economic uncertainty, California ranks among the top eight economies of the world and produces 13 percent of total U.S. economic output. The Department, in concert with the California World Trade Commission, has contributed to the success of establishing trade with foreign countries, with exports reaching a level of \$68.6 billion in 1990 (an increase from \$48.2 billion, or 136 percent since 1979—see Figure 9-B). However, the level of trade over the past year has slowed. On both the domestic and international fronts, efforts must be redoubled, or California will increasingly experience a flight of business and industry to other states which possess friendlier business climates, and which have embarked upon well-funded and increasingly effective efforts to attract businesses from California.

The Department of Commerce will play a pivotal role in encouraging firms to remain or locate in California, expand their operations, and bring their new ideas to market. The Department's programs to encourage increased business development, local development, foreign investment, competitive technology, filmmaking and tourism are described below.

Figure 9-B

Foreign Trade Activity in California

(Dollars in Billions)



Business Development. The Department's Office of Business Development serves as an advocate for California's business community. Through its Sacramento headquarters and field offices in the San Francisco Bay Area, the greater Los Angeles area and San Diego, the Office works to retain business through one-on-one problem solving, assists companies in expanding their California operations, and encouraging non-California companies to locate here.

California, whose unparalleled assets once drew business to the State in record numbers, has suffered a severe reversal of this trend in the past three years as the high cost of doing business in the State, including workers compensation, environmental regulation, and taxes, tarnished the Golden State's luster and led to a perceived anti-business climate.

California is at a competitive disadvantage in retaining business not only in the bottom-line issues affecting business decisions but in its overall level of effort vis-a-vis other states to attract and retain business as well. California's business attraction and retention effort includes not only "institutional" programs that communicate the state's desirability as a place to do business but the labor-intensive, hands-on caseload of individual business assistance work, ranging from site selection to permit assistance to packaging the incentives state and local entities have to offer. The state works closely with local economic development counterparts to augment its efforts.

Nowhere is this trend more apparent than in manufacturing, where the Department has a special focus. High-value manufacturing jobs are key to a balanced economy that is less subject to cyclical downturns. In some industries, such as aerospace, cyclical downturns have exacerbated the problem and cost the state tens of

thousand of jobs. In addition, California is facing a serious erosion of manufacturing jobs as California companies are being heavily recruited by other states with aggressive business attraction programs.

Besides working directly with California manufacturers and other individual companies, the Office of Business Development assists communities in taking a proactive approach to business retention. Training communities to respond to business needs multiplies the impact of Commerce's limited staff resources in retaining business in the state, particularly in rural areas. In 1991, the Office of Business Development assisted 50 companies in remaining, locating or expanding in California. With more of a retention focus, in the 1992-93 fiscal year to contact at least 6,500 companies and to complete at least 60 company relocations in California through aggressive, proactive efforts.

Additionally, in an aggressive attempt to reverse the trend of businesses leaving the state, the Governor's Budget proposes an additional \$861,000 and 13 personnel years to strengthen the Office of Business Development's business retention efforts. During the next two years, the Department expects to contact more than 13,000 firms to encourage them to remain, and expand their operations, in California.

Small Business. The Department of Commerce's Office of Small Business provides varied services to persons currently operating, or interested in starting, small businesses. The Office administers these programs through eight regional development corporations and twenty small business development centers.

The Small Business Development Center Program, first established in 1983, is the only statewide program that provides comprehensive, one-stop source management and technical assistance to small business. During 1990-91, 15,847 business owners and persons interested in starting businesses contacted the centers. Nearly 4,000 business owners received in-depth, professional counseling and technical assistance during the fiscal year.

The Small Business Loan Guarantee Program, a major effort administered through the eight small business development corporations, provides loan guarantees to banks and other financial institutions so that small businesses and small agricultural enterprises may obtain much-needed credit. The loan guarantees are backed by a \$32 million reserve in deposit as a trust fund. The revenues generated by the trust fund are used to offset the costs of the program. Currently, 260 loan guarantees worth \$21 million are outstanding.

The Office of Small Business also administers low-interest loan programs relating to energy conservation improvements, hazardous waste reduction, replacement or retrofitting of underground storage tanks, and loans to finance the purchase of air pollution control equipment. During fiscal year 1990-91 the office made 36 loans for a total value of over \$2.2 million. A new loan

program through the California Pollution Control Financing Authority (CPCFA) is coming on-line in 1992.

For 1992-93, the Governor's Budget proposes an augmentation of \$438,000 and 2 personnel years to allow the Office of Small Business to provide technical assistance to small and medium-sized businesses in addressing environmental laws and regulations.

In 1988, the Office started a loan program to assist small agricultural enterprises in the state through the regional development corporations located in rural areas. The federal government guarantees up to fifty percent of loans made by the participating regional development corporations. During 1990-91, 26 loans were made, for a total value of over \$3.6 million.

The Office also provides bonding assistance to women and minority contractors working in the construction of the Century Freeway in Los Angeles. This is a court-ordered program under contract with the Department of Transportation. During 1990-91, nine bond guarantees were outstanding for a total value of nearly \$2.0 million.

The Office also administers a disaster relief program for small businesses affected by disasters so declared by the Governor. Monies for this purpose are allocated by the Governor from the Reserve for Economic Uncertainties. The Department's earthquake relief efforts through this program in 1990 resulted in 49 interim loans to small businesses affected by the Loma Prieta Earthquake in the San Francisco Bay Area and Monterey County, for a total assistance of more than \$2.7 million. The Winter Freeze of 1990 affected many farmers in the Central Valley and parts of the central coastal counties. During 1990-91, total financial assistance provided to small farm owners affected by the freeze exceeded \$1.3 million.

Local Development. The Department's Office of Local Development works closely with economic development organizations and local governments to create and retain jobs. Through a variety of programs and services, the Office provides technical and financial assistance aimed at revitalizing and diversifying local economies and increasing the sensitivity and focus of local government to business climate issues.

The Office of Local Development is responsible for administering the California Main Street Program, which focuses on the revitalization of downtown business districts in communities with populations of 50,000 or less. Over a three-year period, 15 cities were chosen as Main Street demonstration projects. Fifteen other independent cities have used the state's Main Street as a model for downtown revitalization. Participating cities have produced net gains of 655 business locations or expansions and 2,080 jobs. In addition, design work completed in these communities include 1,112 facades, and total public and private investment of more than \$66 million. In addition to the smaller communities, two urban pilot programs (in cities of over 100,000 population) were recently launched to profile comprehensive downtown revitalization strategies for California's larger cities.

The office also provides direct technical assistance to communities in their effort to develop and implement business retention and expansion programs. Additionally, the Office works with other state and federal agencies to promote economic diversification in rural areas with economies traditionally dependent on timber or other resource-based industries and in communities impacted by base closures or other major job losses.

Foreign Investment. The Department's Office of Foreign Investment complements the Governor's overseas Offices of Trade and Investment in facilitating direct foreign investment in California. The Office, whose mission is to promote job creation and revenue-generating investment in California by encouraging foreign firms to locate here or to expand their operations in the state, is an essential part of the administration's long-range economic development program.

The state continues to lead the nation in foreign investment, as measured by the number of foreign investment transactions. During 1989, California recorded 213 investment transactions. New York and Texas, the state's closest competitors, registered 129 and 81 transactions respectively during the same year. California accounts for more than 12 percent of total foreign direct investment in the United States, as measured by dollar value.

During 1989, the United Kingdom maintained its lead as the largest job-creating foreign investor in California with 110,000 persons employed, followed by Japan (103,000 employees) and Canada (73,000 employees).

For 1992-93, the Governor's Budget proposes \$346,000 and 4 personnel years for this program.

Competitive Technology. California businesses face increasingly competitive global markets that are often driven by technological innovation. The governments of many of the state's competitors heavily subsidize the commercialization of research discoveries. To assist California businesses to tap the technological and research base in California, legislation was enacted in 1988 to create the Office of Competitive Technology and the California Competitive Technology Program. The purpose of this program is to create and maintain jobs by helping to commercialize technical discoveries made in California universities and public laboratories.

During the first three years of the program, 71 projects were initiated with total funding of \$24.9 million—\$13.4 million of state funds, and \$11.5 million of private sector matching funds. Participating companies tend to be small, high tech firms in which the project's success results in the creation of quality jobs and competitive products.

This year's successes include new products from a wide variety of industrial sectors. For example, a Modesto firm has successfully cloned 200 pest-resistant apple trees for market trials this year. In the future, it may be possible for the now-heavily-sprayed apple crop to be grown

organically. In addition, a one-million tree increase in California planting and exports is expected within four years. In another agri-tech project, an Alameda firm has introduced a field kit allowing nurserymen to quickly and cheaply test crops for early detection of root diseases. Sales of the kits are now providing savings to California growers and reductions in fungicide use. A San Jose firm and a Redwood City firm have utilized Caltech's neural network technology to produce a silicon eye-on-a-chip device capable of scanning documents. One practical use for the device is scanning personal checks at market check stands. Between 200 and 250 jobs will be created at both firms as a result of this new product line.

In addition to the collaborative research projects listed above, this year brought success to a number of consortium ventures. The MIVAC Consortium in Fresno was inaugurated in November. This new microwave-vacuum food processing system opens a new market for dried fruits and vegetables. MIVAC's first new product, Grape Puffs, has a retail market potential for \$100 million per year, according to MIVAC's management. The consortium members include the major California food processing companies. A second consortium, the California Construction Technology Transfer Consortium (C2T2) has been formed to commercialize and implement new technology throughout the California construction industry. The first three projects are hand-held asbestos detectors, a fall prevention system, and project management software. This consortium's job retention potential is enormous in a industry that is increasingly challenged by technologically superior foreign competition.

For 1992-93, the Governor's Budget proposes \$3 million from the General Fund for additional projects which will focus on manufacturing and environmental areas.

California Film Commission. Producers are filming more in the state and the California Film Commission is responding by offering a variety of services: A scouting handbook that includes more than 2,200 locations; a location resource library with more than 130,000 photographs of potential film sites; location assistance; permitting for all State property; legislative assistance; and economic research.

In 1990, California film and video production was an estimated \$8.2 billion industry that has more than tripled since 1980. Prime-time television and feature films account for nearly 70 percent of total film production in California, while television commercials and other production account for the remainder. Nearly 90 percent of all television series and other prime-time shows are made in California.

The film industry in California added 7,000 jobs between 1989 and 1990. In all, California film industry jobs jumped from 55,700 in 1980 to 91,800 in 1990, a 66 percent increase. In 1990, a total of 192 films were shot in the state, a figure that is more than double that of 1985.

For 1992-93, the Governor's Budget proposes \$866,000 and 8 personnel years for the California Film Commission to encourage and support the film industry in California.

Tourism. Travel and tourism in California is currently a \$52.7 billion a year industry (\$30.2 billion larger than it was in 1980), and generates about \$1.9 billion in state tax revenues and \$960 million in local tax revenues. The number of jobs provided for Californians by this industry has increased from 488,000 in 1980 to 750,000 in 1990, an increase of 52.6 percent, and many of these are much-needed entry-level jobs. According to estimates of the impact of travel on state employment, more than half a million jobs were supported by travel expenditures in 1989-90.

The Tourism Marketing Program, operated by the Department of Commerce's Office of Tourism, is an integral part of the state's plan to attract both residents and non-residents to the state. The tourism program is designed not only to increase the revenue of the state's travel and tourism industry and the employment of California residents, but also to introduce non-residents to the advantages of the rural areas of the state. The Office of Tourism serves as an umbrella to the state's industry, and, in cooperation with major attractions and destination marketers, leverages its funds as much as 30 times in carrying out attraction programs.

In fiscal year 1991-92, marketing funds were reduced by more than 50 percent, weakening the momentum of the tourism campaign. For 1992-93, the Governor's Budget proposes to restore funding for the Office to \$7,584,000 and 11 personnel years as a means of rejuvenating the state and local tax revenues derived from a healthy tourism program.

Unitary Fund. The Unitary Fund was established in 1986 to supplement existing programs in addressing the State's infrastructure and economic development needs. The fund derives its revenue from the fees paid by corporations choosing the "water's edge" method of taxation. Revenue during 1992-93 is forecast to be \$34 million. The Governor's Budget proposes to appropriate \$1 million from the Unitary Fund for the Agricultural Export Program operated by the Department of Food and Agriculture. Because of the current General Fund crisis, the Budget proposes to transfer the balance of the fund to the General Fund.

State Banking Department

The State Banking Department regulates 272 state-chartered commercial banks with total assets of \$108 billion and supervises 23 state-chartered trust companies and 37 trust departments of state-chartered banks holding a combined \$128 billion of fiduciary assets. The Department also supervises 121 branch and agency offices of foreign banks with total assets of \$80 billion. The Department is actively involved in increasing the soundness of the state's banks by conducting intensive

examinations of banks known to have problems and focusing on specific areas in well-managed banks.

Because of recent downturns in local economies, the Department has increased the number of hours spent in examining the typical bank. To safeguard the assets of the banks' customers, the Department also has stepped up the efforts to provide its examiners with the latest tools and skills for identifying problem banks in time for taking effective remedial action. During 1990-91, for example, the Department began using laptop computers to assist its examiners in analyzing banks' financial conditions during their site visits. In addition, the Department is now obtaining much of the information it requires for examinations electronically, via communication lines set up with the Federal Deposit Insurance Corporation in Washington, D.C.

In May 1989, the State Banking Department closed the First Independent Trust Company (FITCO) and took control of its assets. When the Department closed FITCO, there was little cash and no other liquid assets in the customers' trust accounts. Since that time, the Department has spent a significant amount of time liquidating FITCO and currently has been able to return approximately 73 percent of the customers' holdings. The Department expects to be able to return 90 to 95 percent of the customers' holdings by the time the liquidation has been completed.

For 1992-93, the Governor's Budget proposes \$16.6 million and 200 personnel years to continue safeguarding depositors' funds and maintaining a healthy state banking industry.

Department of Corporations

The Department of Corporations, with a budget of \$27.5 million and 409 personnel years, enforces 17 different laws designed to protect the public from fraudulent and unethical financial dealings and to ensure the financial viability of various financial institutions and health care service plans. The Department is responsible for regulating the offer and sale of securities and franchises by more than 117,000 securities dealers and agents; licensing and examining more than 10,500 state-chartered credit unions, thrift and loan companies, and independent escrow companies; and licensing and examining 119 health care service plans.

Until July 1, 1992, the Department's Investment Program will be funded from the General Fund. Under Chapter 1018, Statutes of 1991, all fees charged by the Department are to be deposited in the State Corporations Fund and used for the support of the Department. The 1992-93 Budget reflects this shift in funding. The Governor's Budget also proposes augmentations of \$240,000 and 5 personnel years to allow the Department to address backlogs in enforcement workload in the escrow and broker-dealer programs, and \$483,000 and 10 personnel years to allow the Department to reduce the length of

time between examinations of firms licensed under the Lender-Fiduciary and Industrial Loan Laws.

Department of Insurance

The Department is actively involved in protecting consumers' rights by assuring insurance company solvency and ability to pay claims, preventing illegal insurance practices, and assuring sound insurance products at affordable prices.

For 1992-93, the Governor's Budget proposes a total expenditure of \$393.8 million and 1,022 personnel years for the Department.

Financial Surveillance. The Department attempts to identify troubled insurance companies before they become insolvent. During 1991-92, the Department is increasing its in-house and on-site audit of insurers and surplus line brokers to enhance the collection of taxes for the General Fund. In addition, the Department is currently conducting an integrated data base pilot project which consists of an early warning information system. The 1992-93 Governor's Budget proposes an increase of \$1.7 million and 3 personnel years for a multi-year project which will integrate all departmental data and business functions and install a complete and centralized Integrated Data Base System with 14 departmental applications programs. The early warning system identifies and tracks troubled insurance companies so that preventive action plans can be implemented expeditiously to reduce future insolvencies.

Conservation, Rehabilitation and Liquidation. In 1991-92, the Department began emphasizing the rehabilitation and marketing of companies that have been conserved under court orders. Rehabilitation as opposed to liquidation can provide greater payouts for claimants and preserve jobs and tax payments. However, when liquidations are unavoidable, the Department attempts to maximize the value of the remaining assets for the benefit of claimants.

The 1992-93 Governor's Budget proposes \$649,000 and 11 personnel years for the Corporate Affairs Bureau to monitor the fitness of insurance companies and to oversee and coordinate the pending conservation, rehabilitation and liquidation proceedings.

Enforcement. Enforcement programs are targeting unauthorized and nonadmitted carriers and the problems of small employer health insurance. Enforcement actions include cease and desist orders, restricting and pulling licenses, and referring cases to criminal and civil prosecutors. The Department's Fraud Bureau investigates and helps prosecute criminals including rings and gangs involved in auto, health and life insurance fraud, with an expanded focus on workers' compensation fraud.

The 1992-93 Governor's Budget proposes staffing and funding for enhanced workers' compensation fraud investigation and prosecution activities in both the

1991–92 (\$1.5 million and 9 personnel years) and 1992–93 (\$3.0 million and 21 personnel years) fiscal years. Of the total funding proposed, 50% is for the Department's Fraud Bureau and 50% is for distribution to local district attorneys for increased investigation and prosecution of workers' compensation insurance fraud cases.

Proposition 103. In November 1988, the electorate passed Proposition 103 which makes the Insurance Commissioner an elected officer, authorizes the Commissioner to approve or reject rate increases proposed by property and casualty insurers, requires the Commissioner to provide consumers with comparisons of insurance company rates, and requires rollbacks to 20% below the November 1987 rates. This provision was modified by the *Cal Farm* decision to limit the rollback refund to provide insurers a fair rate of return.

During 1991–92, the Department began issuing company-specific rate rollback orders with estimated refunds to policyholders of approximately \$2.5 billion. The rate comparison system is expected to be installed during the 1992–93 fiscal year. However, interim comparisons are being generated by the Department several times a year.

Consumer Protection and Communications. In 1991–92, the Department expanded the use of its communications resources to give consumers easily understandable information about rates, complaints, and the risk of contracting with unlicensed insurers. Additionally, an Office of Public Advisor was created to facilitate and coordinate consumer intervention in regulatory and rate hearings.

The 1992–93 Governor's Budget proposes \$208,000 and 3 personnel years to accommodate workload increases in the Rating Services Bureau and \$433,000 and 7 personnel years to accommodate workload increases in the Claims Services Bureau.

Policy, Research and Program Implementation. The Policy, Research and Program Implementation Branch was created to conduct research and develop policy in major programmatic areas of concern to the public such as low cost auto, Workers' Compensation and health insurance.

The 1992–93 Governor's Budget proposes \$250,000 for department representation in Washington D.C. and contracts for health insurance research.

Earthquake Insurance. In response to the October 17, 1989 Loma Prieta earthquake, the State Legislature enacted legislation which established the California Residential Earthquake Recovery Fund and created a state administered earthquake relief program within the Department. This program is designed to provide low-cost earthquake coverage for homeowners in California and is funded by a surcharge paid on residential property insurance bills. The program will provide coverage of up to \$15,000 (less a deductible) in the event the

homes sustain earthquake damages. In the event there are insufficient monies in the fund to pay the claims from an earthquake, payments will be made on a prorated basis.

During 1991–92, the Department is laying the ground work for operation of the program by developing regulations, establishing rates for policyholders in different regions of the state and setting up a processing system necessary to manage the program. The initial surcharge rates specified in law vary from \$12 to \$60 per year and are set according to age, type and location of the building.

The Department estimates claims could be paid out in the amount of approximately \$140 million in the 1991–92 fiscal year and \$296 million in the 1992–93 fiscal year. Any adjustments to this estimate will be reflected in subsequent budgets.

Department of Real Estate

The Department of Real Estate, with 408 employees and a proposed budget of nearly \$29 million, licenses and regulates the activities of more than 360,000 real estate salespersons and brokers. The primary objective of the Department is protection of the public interest in the offering of subdivided lands and real property securities and in other real estate transactions. The Department works closely with the real estate industry and the state's universities, colleges, and trade schools to increase professionalism and establish educational standards that benefit both licensees and consumers.

Because of the recent weakness in the state's economy, it is important for state and local agencies to promote economic growth by eliminating unnecessary delays in the regulatory process. Along these lines, the Department recently completed a long-range plan to streamline the review process for approving subdivision offerings. Significant policy, procedural and legislative changes already have been made by the Department, and others are anticipated, which should reduce the amount of time needed to process applications for public reports.

For 1992–93, the Governor's Budget proposes an increase of \$102,000 and 2 personnel years to implement Chapter 647, Statutes of 1991, which requires the Department to review applications for offerings of Qualified Vacation Resort Clubs and to conduct appraisals of the sites.

Office of Real Estate Appraisers

The Office of Real Estate Appraisers was created by legislation enacted in 1990. Independent of the Department of Real Estate, the Office of Real Estate Appraisers is responsible for administering the state's two-tiered program of voluntary licensing and certification of real estate appraisers. The Office was created in response to federal legislation that requires appraisers who are

involved in federally-related loan transactions (including most mortgage business) to be licensed or certified by the state.

For 1992-93, the Governor's Budget proposes \$1.2 million and 20 personnel years to allow the Office to implement the state's licensing program.

Transportation

State expenditures for transportation and related public safety programs are provided in varying degrees by the Department of Transportation, the California Transportation Commission, the California Highway Patrol, the Department of Motor Vehicles, the Office of Traffic Safety and local government agencies. Most of the revenue to support transportation expenditures in the state is derived from the state and federal gasoline tax, the sales and use tax on diesel fuel, motor vehicle license and registration fees, weight fees for trucks and trailers, and local sales taxes. (Figure 9-C shows the

transportation-related resources anticipated from these and other sources in 1992-93 and the uses of those resources.)

In addition to spending approximately \$8.2 billion on roads, highways, mass transit, vehicle licensing and registration, and public safety, the Governor's Budget provides almost \$113 million for transportation services for social service recipients. These programs are offered by several state agencies, including the Department of Transportation, the Department of Developmental Services, the Department of Rehabilitation, the Department of Alcohol and Drug Programs, the Department of Aging, and the Department of Mental Health. The services have been consolidated to promote more effective and cost efficient use of available resources. The benefits of consolidation include larger equipment orders, thereby reducing unit prices, centralized vehicle dispatching and maintenance, and reduction of duplicative administrative activities. (Figure 9-D shows the distribution of state funding for these services in 1992-93.)

Department of Transportation

The California Department of Transportation (Caltrans) is recognized as one of the world's outstanding transportation and engineering organizations. The Department constructs, operates and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways and provides rail passenger services under contract with Amtrak. The Department also provides technical assistance and development loans to more than 200 of California's public general aviation airports.

In 1992-93, the Department continues its recent efforts in the areas of congestion relief, expansion of rail transportation, promotion of transportation technology, protection of the state's transportation investment, and environmental and worker protection. Caltrans' concentration on these areas is expected to improve the transportation delivery process, moving people, goods and services more efficiently.

The 1992-93 Governor's Budget proposes total expenditures of more than \$6.3 billion from federal funds, reimbursements and various state funds and staffing of 19,561 personnel years. Of these amounts, \$5.2 billion and 17,233 personnel years are proposed for highway programs (capital, support, and operations).

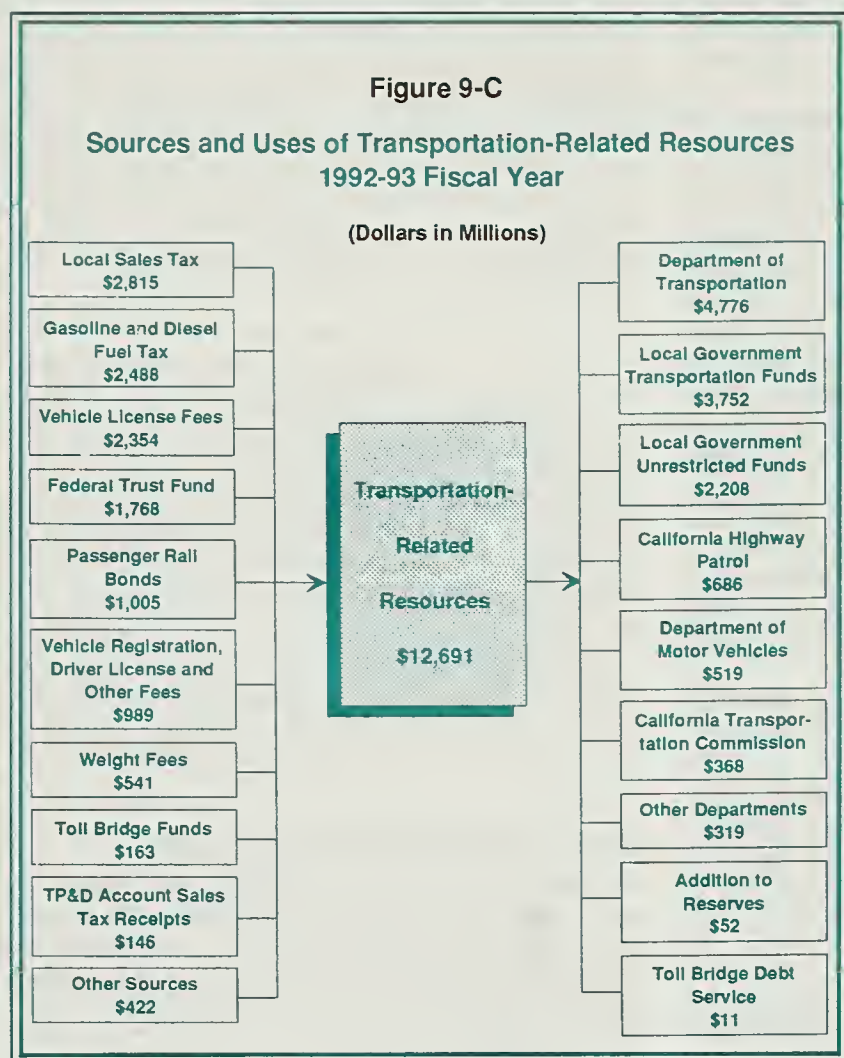
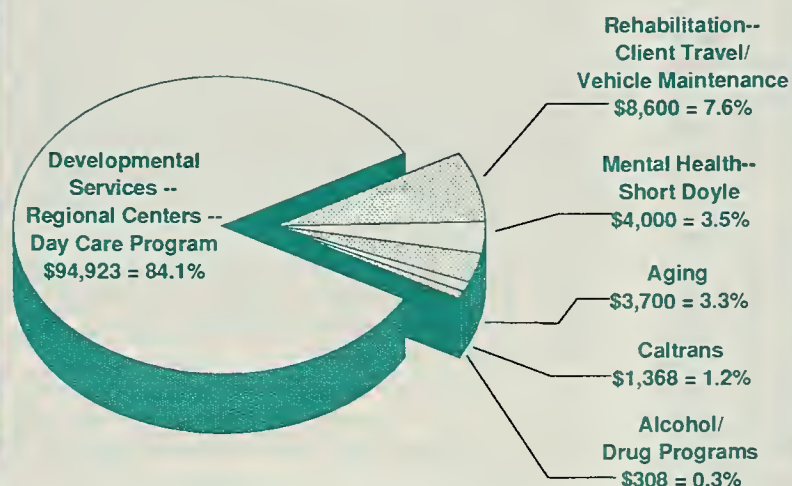


Figure 9-D

**Transportation Services for Social Services Recipients
Proposed 1992-93 Expenditures
All Funds**

(Dollars in Thousands)



The 1992-93 Governor's Budget marks the second full year of implementation of the mandates which were approved by the voters in June 1990. With the Transportation Congestion Relief and Spending Limitation Act of 1990 (Proposition 111) and the Passenger Rail and Clean Air Bond Act of 1990 (Proposition 108), the voters approved a ten-year, \$18.5 billion increase in new transportation revenues. Table 9-1 shows the Department's progress and plans for use of these funds.

California voters also approved the Clean Air and Transportation Improvement Act (Proposition 116), a \$2 billion bond measure for rail transit, in June 1990. Funding from this measure is appropriated to the California Transportation Commission. The Commission estimates that it will allocate a total of about \$670 million from this measure during 1991-92 and 1992-93.

Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The new federal transportation act, enacted in December 1991, is landmark legislation, making significant changes to the process for allocating federal transportation funds. Among other things, the act will:

Table 9-1

**Department of Transportation
Ten-Year Funding Plan**

(Dollars in Millions)

<i>Element</i>	<i>10-Year Plan</i>	<i>Planned Accomplishments through 1992-93</i>
1988 STIP Shortfall	\$3,500	\$755
Intercity, Commuter and Urban Rail	3,000	913
Flexible Congestion Relief Program	3,000	117
City/County Subventions—Streets, Roads and Guideways	3,000	687
State-Local Transportation Partnership Program	2,000	339
Interregional Road System	1,250	16
Traffic System Management	1,000	105
Highway Maintenance and Rehabilitation	1,000	355
Transit Operations and Capital Outlay	500	62
Soundwalls	150	35
Environmental Enhancement and Mitigation Demonstration Program	100	20
Totals	\$18,500	\$3,404

- Provide a better guaranteed return on the gas taxes sent to Washington by increasing states' minimum allocation from 85 percent to 90 percent of the federal taxes collected in the state.
- Provide the state with the flexibility to address transportation problems that are unique to California.
- Ensure that the investment in our transportation infrastructure is protected.
- Ensure that sufficient funds are available to complete the Interstate System.
- Reaffirm the partnership between the states and local agencies in the planning and programming process.

To take advantage of the flexibility provided under the new act, it is important that the Administration, the Legislature and local government work together to implement the act's provisions.

Congestion Relief Strategies. Building more free-ways will help relieve congestion, but can never, by itself, solve the problem. A combination of careful traffic management strategies such as the state and local cooperative efforts of freeway service patrols, the use of traffic operations centers, ramp metering, traffic signal timing, high occupancy vehicle lane installations, night maintenance activities, and the use of advanced technology is required to deal effectively with growing congestion. Additional resources for this expanded effort total \$15.3 million and 66 personnel years. The Department's most aggressive traffic management activities include:

- Freeway Service Patrols (FSPs), operated in conjunction with the Department of the California Highway Patrol (CHP) and local transportation agencies, rove urban freeway segments during peak hours to reduce congestion by removing disabled vehicles or other obstructions from highway lanes. FSPs are highly visible to traveling public, reduce congestion and provide safety and security for the public during peak commute hours. The Department expects to expand the FSP program to cover over 200 miles of state highways. Some local participation is already in place and funds approximately 203 additional miles. It is expected that more local agencies will be funding expanded services in their areas. For 1992-93, the Governor's Budget proposes \$9.7 million and 11 personnel years to allow Caltrans to expand these services.
- Traffic Operations Centers (TOCs), operated jointly by the Department and the Department of the California Highway Patrol (CHP), monitor, report and respond to freeway traffic conditions using a variety of surveillance and communications techniques. TOCs facilitate traffic movement through the remote monitoring and control of ramp meters and permanently installed changeable message signs which display up-to-the-minute traffic conditions to motorists. For

1992-93, the Governor's Budget proposes \$1.1 million and 14 personnel years to expand the coverage of the 7 existing TOCs.

- High-occupancy vehicle (HOV) facilities are preferential traffic lanes designated for vehicles with at least two, but sometimes more, passengers. Commonly referred to as carpool lanes, express lanes, or diamond lanes, they are extremely effective in carrying more people per vehicle, thereby reducing traffic delay and congestion. HOV facilities typically carry two to three times the passenger volume of a comparable mixed-flow traffic lane. Traffic on an HOV lane moves at a steady, rather than stop-and-go, pace. As a result, HOV facilities contribute to reduced fuel consumption and reduced pollution. For 1992-93, the Governor's Budget proposes an increase of \$216,000 and 11 personnel years to support an additional 110 lane-miles of HOV projects that currently are planned or under construction.
- The testing of computer equipped "smart cars," which direct drivers to speedier routes or reduce the distance between vehicles to allow more vehicles to use a section of roadway.
- The use of ramp meters, which control the entry of vehicles onto the freeway and the use of traffic signal timing, which reduces vehicle stops, delays and fuel consumption.
- The use of incident response teams to clear freeway accidents or chemical spills more rapidly.
- Providing support to locally imposed regulations that mandate employer action to reduce employee trips and increase the vehicle occupancy rate of their commuting workforce.
- Providing funds to expand the use of ride sharing.

Most urban areas in California exceed the state and federal air quality standards in ozone, carbon monoxide and particulate matter. Over half of the pollution is caused by vehicular emissions during daily peak commute hours. With the projected population increases and the corresponding vehicles added to the highways and local streets and roads, all levels of government have instituted laws to mitigate further air pollution.

Local governments have imposed regulations mandating employer action to reduce employee trips and increase the vehicle occupancy rate of their commuting work force, and air pollution control districts have been given authority to impose financial penalties for non-compliance. The state is not exempt from these penalties. Consequently, there is a growing demand for van-pool vehicles.

To meet this demand, the Governor's Budget proposes a reallocation of \$1 million from the Petroleum Violation Escrow Account (PVEA) for Caltrans to purchase van-pool vehicles to help meet the needs of the 3,000 persons on the statewide rideshare waiting list. The Budget also proposes a one-time increase of \$2.5 million

from PVEA to establish a vanpool vehicle acquisition revolving fund to address the immediate and future needs of state agencies. These two vanpool proposals represent an aggressive effort by the administration to reduce the vanpool waiting lists, take advantage of the growing demand to change commute habits, and comply with local trip reduction ordinances. In addition to increased vanpool resources, the Governor's Budget proposes an increase of \$4.4 million and 2 personnel years for increased rideshare services, including matching additional rideshare applicants with available drivers and employer outreach visits by rideshare contract consultants.

Technology Advances. Caltrans has acquired a national reputation for innovative transportation infrastructure development. In recognition of the potential of new and emerging transportation technologies, Caltrans has and will continue to closely examine the advancements in electronics, computer processing, communications, vision systems, sensors, artificial intelligence and transportation facility development to determine how they can be applied to and benefit California's transportation system. The primary objectives of this effort are:

- Reduce traffic congestion
- Improve air quality
- Improve energy efficiency
- Help to maintain a healthy and competitive economy
- Reduce the costs of transportation services to the public and government
- Make Californians aware of alternative modes of transportation and increase their opportunity to use them

While pursuing ways to use technology to improve transportation systems, Caltrans will continue partnerships and cooperative efforts with the University of California and California State University systems, private universities, federal agencies, local and regional governmental agencies, the private sector and other state agencies on projects of mutual interest.

To maintain an outstanding transportation and engineering organization, Caltrans is committed to streamlining the project delivery process through the use of state-of-the-art technology. Some of the recently acquired high-tech resources that are being used by the Department to increase project delivery are:

- Computer Aided Design & Drafting Equipment (CADD), a critical component of the Department's project delivery system, producing quality plans, specifications, and estimates; and
- Geographic Information System (GIS), a comprehensive and flexible management information system which will provide a high level of coordination of many

different sources of information which will provide better and more timely graphical information for transportation projects.

For 1992-93, the Governor's Budget proposes \$1.1 million for additional CADD equipment and \$1.1 million and 6 personnel years to allow Caltrans to enhance its GIS for improved traffic management.

Protection of Transportation Investment. The Governor's Budget proposes \$731 million and 6,287 personnel years for maintenance of the existing State Highway System. These resources will allow Caltrans to continue to manage the many activities which are necessary to provide safety for the public. Some examples are roadbed and roadside repair and installation and maintenance of many different safety items on the roads, such as signs, guardrails and markings. Caltrans is dedicated to performing these activities in the most efficient manner possible and utilizing the latest operational techniques.

Recognizing the legal and moral responsibility to provide a safe and attractive environment, the Governor's Budget proposes \$5.6 million and 61 personnel years to escalate graffiti removal activities in the urbanized areas. This direction is in response to a growing national problem and addresses the concerns of citizens, organizations and businesses who are trying to improve their communities.

Caltrans is projecting an increase in the number of visitors who will be utilizing the roadside rest areas located on most major highways in the state. An additional \$315,000 is proposed to increase the operating efficiency and the safety of these facilities. In fiscal year 1992-93, more than 100 million people are expected to take advantage of these facilities.

Environmental, Public and Worker Protection.

Caltrans is strongly committed to the protection and safety of the public, employees, and the environment. For 1992-93, the Governor's Budget proposes \$4.9 million and 13 personnel years in new resources for the following:

- Transportation and disposal of waste oil filters used in state operations
- Elimination of groundwater pollution in all state transportation facilities
- Safe removal of lead paint from bridges
- Abatement of all known asbestos from Caltrans' office buildings

The Department also plans to improve its efforts to protect the environment with a plan to minimize the use of herbicides on roadside vegetation throughout the state.

Capital Program/Project Delivery. The 1992-93 Budget proposes \$2.9 billion for highway construction projects. Construction funds include \$0.5 billion in State Highway Account funds, \$1.1 billion in federal funds, and

\$1.3 billion from local tax measures and other local sources. Additionally, the Budget contains \$513 million in local assistance funding to support local highway projects. The Governor's Budget proposes 9,141 personnel years for Caltrans to plan future highway construction projects, rehabilitate the existing highway system, and work with local agencies to plan and implement local transportation projects.

Caltrans' project commitment is to deliver State Transportation Improvement Program (STIP), Highway Systems Operation and Protection Plan (HSOPP), and Traffic Systems Management (TSM) Program highway projects on time and within authorized budget limits. Toward this end, if current projects are delayed due to external factors, an equal dollar value of projects will be advanced from future years. Caltrans fulfilled this commitment in fiscal year 1990-91 by delivering 97 percent of the level of projects programmed in the STIP. Caltrans is well on the way to achieving this same high level of delivery in fiscal year 1991-92.

Caltrans was able to deliver nearly \$1.25 billion of highway capital outlay projects, excluding locally funded projects, in the 1990-91 fiscal year. This total was about \$125 million greater than the prior year's delivery totals. Caltrans anticipates that it will again deliver in excess of \$1.25 billion worth of projects in both the 1991-92 and 1992-93 fiscal years.

Some of the major projects scheduled for delivery in the budget year include:

- Four projects worth \$72 million for High Occupancy Vehicle Lanes on Interstate 80 in Alameda and Contra Costa Counties
- A \$93 million project to improve the Interstate 680/Highway 24 interchange and improve interchanges with city streets in Walnut Creek
- A \$30 million project to construct a six-lane freeway on Highway 237, east of the Lawrence Expressway in the San Jose area
- A \$44 million freeway project on Highway 101 to construct the Cloverdale Bypass
- A \$18 million freeway project on Highway 4 in Stockton
- A \$17 million freeway project on Highway 99 in Keyes, Stanislaus County
- A \$6 million project to modify the Airport Drive interchange on Highway 204 in Bakersfield
- Three projects worth \$24 million for upgrading expressway Highways 14 and 395 in Inyo and Kern Counties
- A \$15 million project to widen Interstate 5 at Highway 170 in the San Fernando Valley
- Six projects worth \$180 million for the Harbor Freeway Transitway project, Interstate 110, in Los Angeles

- Two projects worth \$65 million for widening Interstate 5 in Orange County
- A \$5 million project to widen Highway 1 near Huntington Beach
- A \$12 million project for High Occupancy Vehicle lanes on Highway 91 in Anaheim
- A \$10 million project for an auxiliary lane on Interstate 5 in San Diego
- A \$12 million project for upgrading Interstate 15 in San Diego

Loma Prieta Earthquake Recovery and Restoration.

Caltrans continues its efforts to restore the damages caused by the October 17, 1989 Loma Prieta earthquake and to seismically retrofit structurally deficient bridges. Emergency repair work is being performed by contract and state maintenance forces. It is estimated that approximately 100 bridges suffered some type of damage during the 1989 earthquake. Approximately 25 bridges were repaired by contract and the remainder were repaired by state forces as part of normal maintenance work.

In the area of earthquake restoration, the Department has a total of \$840 million in capital outlay projects remaining—\$225 million scheduled for award in 1992-93, and \$615 million scheduled for award after 1992-93.

Caltrans' Seismic Retrofit Program has awarded \$125 million through 1991-92. In 1992-93, the Department has programmed \$19 million for the retrofit of single column bridges and has reserved \$291 million for the retrofit of multiple column bridges.

Expanded Rail Program. California's voters ushered in a new era in rail transportation with the enactment of Proposition 108, the Passenger Rail and Clean Air Bond Act, and Proposition 116, the Clean Air and Transportation Improvement Act, in the June 1990 election. Propositions 108 and 116 made nearly \$3 billion available for rail transit capital improvements over the next ten years. In addition, two more transportation bond measures will be put before the voters in the 1992 and 1994 elections. If enacted, these measures, together with the existing \$3 billion, would nearly double the amount of state funds spent for transit during the last fifteen years. The Governor's Budget proposes \$637 million in Proposition 108 funds and \$366 million in Proposition 116 funds in 1992-93 to continue the administration's commitment to make rail bond funds available as local projects are ready to use them.

New and Expanded Local Rail Systems. Propositions 108 and 116 and other transit capital improvement funds made available by the state will contribute to local plans to spend more than \$18 billion throughout the state for new and expanded rail services. In Southern California, aggressive efforts are underway to establish a regional commuter rail system connecting Orange, Ventura, San Bernardino, Riverside, and Los Angeles Coun-

ties. Agreements have already been reached with the Southern Pacific Transportation Company (SP) for the acquisition of 175 miles of rights-of-way, and negotiations are underway with both the Santa Fe and Union Pacific Railroads to purchase additional rights-of-way. When complete, the regional rail system is expected to provide service to 50 stations along more than 400 miles on six basic service routes. The first of these services, providing 27 round trips on three routes will connect downtown Los Angeles with Moorpark, Santa Clarita, and San Bernardino, respectively. These routes are scheduled to begin operation in October 1992.

Significant expansions or enhancements to *existing* urban rail systems are also being financed in part by the rail bonds. In October 1991, the Bay Area Rapid Transit District broke ground on two expansions, between Pittsburg and Antioch and between Dublin and Pleasanton. These expansions are expected to cost \$1.2 billion. Other expansions are also in the planning and design stages in San Diego, the City of Los Angeles, San Francisco and Sacramento.

Intercity Rail. Unlike urban and commuter rail services, which, with the exception of the Peninsula Commute Service (see below), is the responsibility of local and regional transportation agencies, intercity rail passenger service is the responsibility of the state. However, to be successful, the intercity rail system must be coordinated with commuter and urban rail systems, in the same manner that the state and local highway systems are coordinated. Propositions 108 and 116 provide an opportunity to improve and expand intercity rail passenger services by making \$950 million available for capital improvements on existing and proposed intercity routes.

In California, all state supported intercity rail service is currently operated by Amtrak under provisions of Sec-

tion 403(b) of the Amtrak Act. Caltrans supports passenger services on three routes: 1) the San Diegan, on the San Diego-Los Angeles-Santa Barbara route; 2) the San Joaquins, which run between Bakersfield and Oakland; and 3) the new Capitols, inaugurated in December 1991, which provide three round trips per day on the busy Roseville-Sacramento-Oakland-San Jose corridor.

As Figure 9-E demonstrates, ridership has been increasing fairly steadily on the two long-standing lines. From 1984-85 to 1990-91, the San Joaquins' ridership increased from 270,000 passengers per year to 464,000 passengers per year, while ridership on the San Diegan increased from 1.2 million passengers per year to 1.8 million passengers per year. The San Diegan continues to be one of the most successful intercity rail services in the country, with a farebox ratio (i.e., the ratio of fare revenue to operating costs) of 98.4 percent in 1990-91.

Because of the proven success of the San Diegan and San Joaquins, the 1992-93 Governor's Budget proposes an increase of \$4.5 million and 4 personnel years to extend the San Joaquins from Bakersfield to Los Angeles and from Stockton to Sacramento; extend the San Diegan from Santa Barbara to San Luis Obispo; and provide an additional round trip on each of these routes. With the proposed extensions, a traveler will be able to go from Los Angeles to the Bay Area, via the Central Valley, on state supported intercity trains.

Peninsula Commute Service. The Peninsula Commute Service (PCS) currently operates over a 47-mile route between San Francisco and San Jose and is one of only two existing commute services in California. Recognizing the commute needs of the rapidly growing population in the area, the Legislature, in 1977, authorized Caltrans to negotiate and contract with the Southern Pacific Transportation Company (SP) to operate the

Figure 9-E

Rail Passengers on State-Supported Lines San Diegan/San Joaquins

(Data in Thousands)

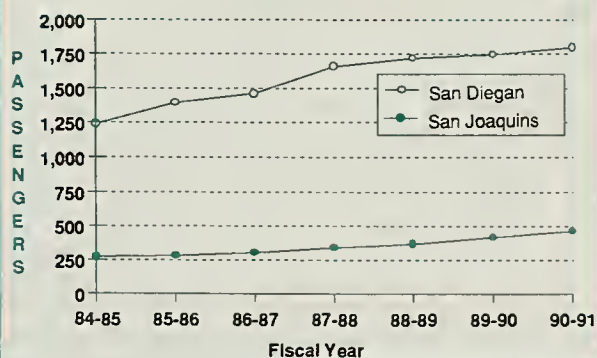
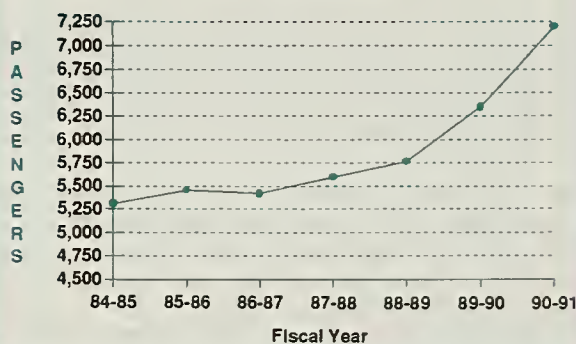


Figure 9-F

Rail Passengers on State-Supported Lines Peninsula Commute Service

(Data in Thousands)



line for ten years. As Figure 9-F indicates, the Peninsula Commute Service experienced significant growth in riders between 1984–85 and 1990–91, with ridership increasing from 5.3 million passengers in 1984–85 to 7.2 million passengers in 1990–91.

Since 1980, funding for the Peninsula Commute Service line has been provided by Caltrans, the federal government and the local affected entities (represented by the Joint Powers Board). Recent legislation extended the contract with SP to June 30, 1993, with local control to begin on July 1, 1992 and state support to end on July 1, 1993. In November 1991, the California Transportation Commission allocated the resources to acquire the operating right-of-way from SP, clearing the way for the state to relinquish operational responsibility for the service within the mandated timeframes. Expansion plans for the Peninsula Commute Service include a San Jose multimodal terminal, which will link the Guadalupe Corridor light rail, local transit systems and eventually the Capitols Station as well as the downtown San Francisco links to BART and Muni-Transit.

Beginning July 1, 1992, federal and local support for the Peninsula Commute Service will flow directly to the Joint Powers Board. As a result, the Governor's Budget reflects the reduction of \$10.8 million in federal funds and reimbursements from Caltrans budget. The budget also reflects a reduction of \$1.1 million and 20 personnel years associated with Caltrans' reduced workload associated with contract administration, local government and transit agency liaison efforts, and oversight of capital projects.

High Speed Rail. The State has a clear responsibility for the interregional transportation system currently dominated by highways and air transportation. Presently there are no alternative modes of travel capable of relieving, to any significant degree, the dependence on these two modes. The current intercity rail service provides some relief to the highway system, but has a very limited ability to provide relief to the busy air corridors.

High speed rail may be a practical alternative. It is fast, has flexibility in the areas it can serve, and does not degrade air quality. It can also complement and enhance the effectiveness of the existing regional and interregional transportation systems.

Recent legislation recognizes that an integrated, multimodal approach is essential to the future success of the California transportation system. The Department is required by Chapter 1104, Statutes of 1990 to develop an integrated high-speed ground transportation system, and evaluate rail technology, services and funding. The Governor's Budget proposes a total of \$4.2 million over two-years for an Interregional Travel Relief Project, which will incorporate the study mandated by Chapter 1104. The result of this project will be a statewide interregional travel strategy that provides a unifying framework for development of a coordinated air and surface transportation system.

State Highway Account Expenditures for Debt Service. Based on the anticipated 1991–92 and 1992–93 sales of bonds issued under Propositions 108 and 116, debt service on transportation bonds is forecast to be \$96 million during 1992–93. The Governor's Budget proposes that the State Highway Account and the Transportation Planning and Development Account reimburse the General Fund for the cost of debt service.

Local Participation. By augmenting traditional sources of funding, local participation continues to play an increasingly important role in the funding of improvements to the State Highway System. To date, eighteen counties, comprising more than 80 percent of the State's population, have enacted sales and use tax measures to fund transportation improvements. Over their lifetimes, these measures will generate nearly \$25 billion in transportation revenues. Approximately one-third of these revenues, or about \$8 billion, has been dedicated to improvements to the State Highway System.

In addition to its mandated workload on projects funded by local sales tax measures, Caltrans is responsible for providing project oversight on State Highway System projects funded by local government and private entities from other than local sales and use tax override sources. At present, more than 400 of these projects with a total local investment of nearly \$2.5 billion have been proposed. The 1992–93 proposed budget requests 1,486 personnel years to handle this additional work.

The legislation that culminated in Proposition 111 expanded the opportunities for the private sector to become involved in the design, construction, and operation of transportation facilities. Legislation enacted in 1989 authorized Caltrans to solicit and enter into agreements for a demonstration program in which the private sector would construct and "lease back" from the Department four transportation projects. Caltrans has executed development franchise agreements which, among other things, specify conditions for developing the four selected proposals into actual projects. The private developers, under Caltrans' oversight, are in the process of obtaining environmental clearance for their proposed projects.

Department of Motor Vehicles

The Department of Motor Vehicles (DMV) is responsible for protecting property by the titling of vehicles, achieving driver safety through the licensing of drivers, protecting the public by regulating the vehicle industry, issuing identification documents and collecting licensing and registration revenues. As part of this responsibility, DMV collects revenue for various state and local government programs and provides information from its driver's license and registration files. In addition, DMV issues personal identification cards, screens driver license applicants for driving competency, regulates drivers who become safety risks, and licenses occupa-

tions and businesses engaged in the manufacture, transport, sale and disposal of vehicles. The Governor's Budget proposes \$537 million and 8,992 personnel years for DMV to carry out its responsibilities in 1992–93.

Currently, there are 19.9 million licensed drivers and 25.5 million registered vehicles in California, representing increases of 27 percent and 34 percent, respectively, since 1979–80. Because of these increases, and because of the Department's desire to provide convenient, efficient public services, DMV has implemented many innovative techniques aimed at both customer convenience and processing efficiency. Several of these are highlighted in the narrative below.

Public Service. Californians demand fast and convenient service in all aspects of their daily lives. DMV has responded to those demands by attempting to make it as easy as possible to do business with the state. The Department established smaller field offices in shopping centers and other areas convenient to its customers. Since 1984–85, the Department also has increased the number of field offices serving the public by 23 and has moved 27 other offices to more convenient locations. Other customer-oriented moves by DMV include permitting automobile clubs to register members' vehicles, collect fees, and issue license plates and stickers; opening on-site registration centers at several major private employers such as Hughes Aircraft and Universal Studios; and extending office hours to meet the needs of local communities.

In 1986–87, DMV initiated a phone and mail appointment system to enable the public to complete routine motor vehicle transactions by mail or phone instead of making repeated visits to field offices. Since then, there have been decreases in the number of complaints from the public and reductions in the average waiting time at DMV field offices. A survey of customer satisfaction conducted in DMV field offices for the month of November 1991 indicated that 87 percent of the respondents did not have a long wait, while 55 percent of the respondents indicated that service had improved since their last visit.

The 1988 installation of automated systems for vehicle registration and drivers' licenses has reduced the average time it takes a person to receive a driver's license or vehicle registration tag from DMV. The processing time for a driver's license has been reduced from 22 to 16 days, and the processing time for mail renewal of a driver's license has been reduced from 24 to 9 days.

Automation also is serving to reduce the number of state employees needed to serve the public. Since 1980, automation efficiencies at DMV have resulted in savings or cost avoidances of about \$23 million and 992 personnel years.

Public Safety. Through its Driver Safety Program, DMV attempts to make California's highways and roads safer for the state's population. DMV promotes driver safety by screening driver license applicants for driving competency. Through its driver control programs, the

Department regulates drivers who become safety risks by imposing appropriate driving privilege sanctions, e.g., license restriction, revocation or suspension.

Another DMV program designed to protect the public is the Department's "pull-notice" program. Under the program, DMV periodically provides employers of all commercial vehicle drivers (primarily drivers of buses, trucks, and tractor-trailers) with their employees' driving records. DMV also has implemented sweeping changes in the methods used to test and license commercial vehicle drivers. DMV has been a leader in the development of more stringent testing and licensing procedures and the development of automated systems to establish unique personal identification.

California also is in the forefront among states in combatting driving under the influence (DUI) of alcohol and drugs. Under recent legislation that took effect on January 1, 1990, California's blood-alcohol concentration limit for drivers was reduced from 0.10 to 0.08; on January 1, 1991, the blood-alcohol concentration limit for commercial vehicle drivers was further reduced to 0.04. Separate legislation, which became effective July 1, 1990, established an "administrative per se" process under which a peace officer is authorized to immediately serve a notice of driver's license suspension or revocation on a person arrested for driving-under-the-influence of alcohol or drugs, to take possession of that person's driver's license for forwarding to DMV and to issue a temporary operating permit. The suspension or revocation does not become effective for 45 days, during which time the driver may request an administrative hearing. Current law also authorizes DMV to suspend that person's driving privilege for 4 months for a first DUI violation and for one year for a subsequent violation within seven years. Since the law was implemented, more than 150,000 driver's licenses have been seized by CHP traffic officers under this process.

For 1992–93, the Governor's Budget proposes \$5.1 million and 113 personnel years for DMV to continue to administer the administrative per se law.

Another area of public protection involves the development of a driver's license which uses magnetic stripe technology similar to that used for credit cards. The use of this technology will not only improve processing efficiency and reduce public waiting time but also guard against counterfeiting and the unsafe and fraudulent use of drivers' licenses and DMV identification cards. The Governors' Budget proposes \$6.4 million to continue the phased implementation of the magnetic stripe technology.

DMV is continuing its efforts to increase traffic safety on California's highways and roads by developing an improved system to measure driver competency. Due to the steady rise in the driving population, the increasing number of elderly drivers, non-English speaking persons, and persons with limited reading ability, and due to increasing traffic congestion and gridlock, DMV is

reevaluating and redesigning many of its driver licensing programs and procedures. As part of this effort, DMV proposes to evaluate increasing the standard and scope of the driving skill test by incorporating additional tests for assessing mobility and perceptual skills, i.e., distance judgment, gap judgment, merging skills and proper head movement. The pilot test would allow DMV to better evaluate the specific abilities necessary for the public to safely operate a motor vehicle in today's traffic environment. The Governor's Budget proposes \$810,000 and 23 personnel years for DMV to evaluate the new driving skill test in 1992-93.

Workload. To enable the Department to maintain its level of service in meeting public demands brought on by expected increases in workload measures, i.e., licensed drivers and registered vehicles, the Governor's Budget proposes an increase of \$3.3 million and 155 personnel years in 1992-93. This augmentation will allow DMV to relocate 16 field offices, add 5 new offices, and address expected workload growth in 1992-93.

Under recent legislation (Chapter 90, Statutes of 1991), DMV is required to collect social security numbers on original and renewal applications for driver licenses and vehicle registrations. In addition, DMV is required to refuse to register a vehicle if the registered owner has violated a written promise to appear in court or failed to pay a fine for a traffic violation, and to refuse the renewal or issuance of a driver license if the applicant has any delinquent parking citations outstanding. The availability of the social security numbers through DMV's database is expected to provide an effective enforcement tool for state and local governmental entities' collections of outstanding fines and penalties. The Governor's Budget proposes \$16 million and 433 personnel years for DMV to continue the implementation of the legislation in 1992-93.

Housing

Although the state's housing needs are addressed primarily by the private sector, the Governor's Budget provides a substantial amount of funding to address the housing needs of low- and moderate-income families. The departments with the responsibility for this activity are the Department of Housing and Community Development and the California Housing Finance Agency.

Department of Housing and Community Development

The Department of Housing and Community Development (HCD) is the state's principal agency for developing and promoting affordable housing. The Department's mission is to expand housing opportunities for all Californians by increasing housing affordability, promoting a vital economy and protecting the health and safety of its residents. HCD's staff of 709 employees, with a budget of \$203 million, has embarked on several ambitious programs to fulfill the state's commitment to meet

the housing needs of its citizens. HCD's programs provide financial assistance to Californians in the construction and rehabilitation of single and multi-family housing and are geared toward increasing affordable housing opportunities and bringing home ownership within the reach of the state's workforce.

HCD also provides leadership to state and local housing officials and legislators in setting objectives for the state's policies on housing and growth management through its Statewide Housing Plan. The Department attempts to achieve a unified effort among federal, state and local government agencies, the business community and local housing advocates in assuring compliance with state laws, removing restrictive regulatory barriers and protecting the health and safety of renters, homeowners and farmworkers.

Consistent with the administration's emphasis on revitalizing the state's economy, HCD is engaged in an aggressive campaign to gain local support for community and economic development efforts throughout the state. The Department is seeking to strengthen, streamline and enforce the state's housing laws, particularly those that emphasize responsible land use and planning and those that foster economic growth.

Health and Safety. HCD's Codes and Standards Division is responsible for the protection of the public's health, safety and general welfare through its regulation of housing, including mobilehomes, mobilehome parks and employee housing, commercial coaches and recreational vehicles. In addition, the Division administers and enforces occupational licensing requirements for manufacturers, salespersons, dealers, and distributors of mobilehomes, manufactured homes, and commercial coaches. HCD also operates the Mobilehome Ombudsman Program, which was designed to resolve complaints and disputes from mobilehome park residents and park owners and operators. This program received and processed 21,446 telephone complaints and 1,284 written complaints during 1990-91. During the same year, the Division also increased the amount of restitution awarded to mobilehome purchasers harmed by unlawful dealer practices by \$122,159.

Housing. Through fifteen housing finance programs, the Department provides technical assistance and financial assistance, in the form of grants and loans, to project sponsors that construct and rehabilitate housing; mortgage subsidies enabling low-income families to obtain housing; loans enabling residents to acquire ownership of mobilehome parks; financing of the construction of rental housing; loans to victims of natural disasters to repair owner-occupied and rental housing; and loans to special needs populations, including the disabled, the elderly, and low-income households.

Annually, California is home to a large number of seasonal and migrant workers and their families. Housing for the workers is limited and frequently uninhabitable. In order to enhance opportunities for safe and affordable

housing, the Department, in conjunction with the U.S. Department of Agriculture, has spent almost \$30 million for the construction and rehabilitation of housing units for farmworkers since 1980. In addition, more than \$40.1 million has been provided to operate state-owned agricultural housing centers. Currently, there are two additional projects in the planning or construction stage. Projects under construction include Madison and Madera Communities, which will provide 132 units of migrant farmworker housing. These projects are awaiting final FMHA approval. In addition, \$10 million of Proposition 84 funds are available for the construction of new migrant communities or the reconstruction of existing communities. HCD is preparing 7 applications for presentation to its Loan and Grant Committee for 1991–92 awards utilizing these funds.

In 1992–93, the Governor's Budget proposes continuing the \$1 million from Tidelands Oil revenue for increased operating costs and rehabilitation of the migrant communities. In total, the Budget proposes spending \$6.4 million on this program during 1992–93.

Housing for the homeless is a nationwide problem. California's Emergency Shelter Program provides direct grants to local governments and nonprofit corporations that shelter needy individuals and families on an emergency basis. Since the first year of the program (1983), the Department has made 630 awards, totaling more than \$47 million. The Department anticipates awarding an additional \$2.5 million to more than 100 local agencies in 1991–92.

The Governor's Budget proposes spending \$2 million for the Emergency Shelter Program in 1992–93 to continue the current-year appropriation of Tidelands Oil Revenue for emergency operating shelter expenses. The 1992–93 Budget also proposes \$605,000 to operate the Temporary Emergency Shelter Program, which provides overnight shelter for homeless persons in California's National Guard Armories throughout the state. In addition, the Governor's Budget proposes an augmentation of \$332,000 from federal funds and 4 personnel years to address workload in the Housing Assistance Program, which provides rent subsidies to low-income individuals and families.

Community Development. In addition to the state Emergency Shelter Program, HCD administers eight community development programs that provide technical and financial assistance to rural and urban communities and Indian tribes.

Since inception of the program in 1982–83, the Department has allocated nearly \$229 million through more than 700 community development block grant awards to about 150 local communities for housing rehabilitation, public facilities projects and economic development activities.

For 1992–93, the Governor's Budget proposes more than \$49 million for these programs. In addition, under the federal National Affordable Housing Act of 1990,

HCD anticipates receiving about \$42 million for the Homeownership and Opportunity for People Everywhere (HOPE) program. A Finance Letter will be submitted to the Legislature when details about the federal grant are known.

California Disaster Assistance Program. The California Disaster Assistance Program (CALDAP) was created by legislation following the 1989 Loma Prieta earthquake. Under this program, HCD provides low-interest loans to homeowners and owners of rental property who sustain damages during a natural disaster. To date, \$143.5 million has been allocated under this program. Of that amount, \$129 million has been allocated to repair damages sustained during the Loma Prieta earthquake. To fund the remaining eligible Loma Prieta applications, the Governor's Budget proposes an appropriation of \$45 million from the General Fund to be reimbursed from the Natural Disaster Assistance Fund in 1992–93.

California Housing Finance Agency

The California Housing Finance Agency (CHFA) helps to make housing for low- and moderate-income families more affordable by selling tax-exempt bonds and using the proceeds to finance housing at below-market rates. CHFA's bonds are not obligations of the State of California and are not repaid with tax dollars; instead, all debt issued by the Agency is repaid from revenue derived from the repayment of mortgage loans issued by CHFA. Most programs operated by CHFA are limited by provisions of federal law applicable to the federal Mortgage Revenue Bond Program.

Between fiscal years 1979–80 and 1990–91, the CHFA made loans of more than \$2.9 billion and was responsible for more than 50,200 housing units being made available to low- and moderate-income households. CHFA projects that it will make additional loans totaling \$450 million, resulting in 5,380 additional housing units being available, during 1991–92. Similar totals are expected for 1992–93.

Of particular interest is CHFA's Home Purchase Assistance Program, which was made possible by voter approval of state Propositions 84 and 107 in the November 1988 and June 1990 elections. For each of the propositions, the voters authorized the Treasurer to issue \$25 million of state general obligation bonds for CHFA's use in helping low-income persons buy their first homes. Under this program, CHFA lends funds to homebuyers to enable them to reduce the principal and interest payments on their mortgage. The interest rate on these loans is a simple three percent per year, and payment of both interest and principal can be deferred for up to 30 years. To date, CHFA has assisted 1,160 first-time home buyers through this program.

Natural Resources

I won't compromise my commitment to protecting California's natural treasures. The majestic Sierra, our pristine beaches, and the soaring Sequoias are not mere resources to manage. They embody the spirit, the very soul of California.

Governor Pete Wilson
September 1991

California enjoys a rich diversity of natural resources and scenic beauty which enhance the quality of life in the state. It is critical that these resources be maintained and protected for future generations. The Resources Agency is responsible for carrying out the Administration's commitment to maintain and enhance these resources.

The Agency coordinates and directs the activities of the departments in its jurisdiction, which range from the Department of Forestry and Fire Protection to the Department of Water Resources. It is a role that is particularly essential at a time when financial resources are limited, but also when the Agency is pursuing a new approach to resource management that cuts across many traditional departmental lines of authority.

This new approach is "biological diversity," i.e., concentrating the state's conservation activities on broad ecosystems, or "bioregions," rather than on individual biological species or individual sites. This concept provided the focus for the Sierra Summit, a two-day meeting of more than 150 academics, conservationists, business interests and public officials to discuss environmental problems facing the Sierra Nevada, and will form the basis for the administration's future conservation efforts.

The Governor's Budget proposes total expenditures of more than \$2 billion for the Resource Agency's state operations and local assistance programs in 1992-93. These expenditures are summarized in Figure 10-A.

Major programs and the administration's initiatives within the Resources area are highlighted below.

Resourceful California

On April 22, 1991, Earth Day 1991, the Governor announced his far-reaching plan for the conservation of California's vast natural and cultural resources. Appropriately named "Resourceful California," this 14-point program represents an ambitious, continuing agenda for the conservation of the state's environment. The Governor's initiative is grounded in the philosophy of preventive government. It is a plan for enhancing and protecting our natural resources, while avoiding current and future social costs of environmental neglect.

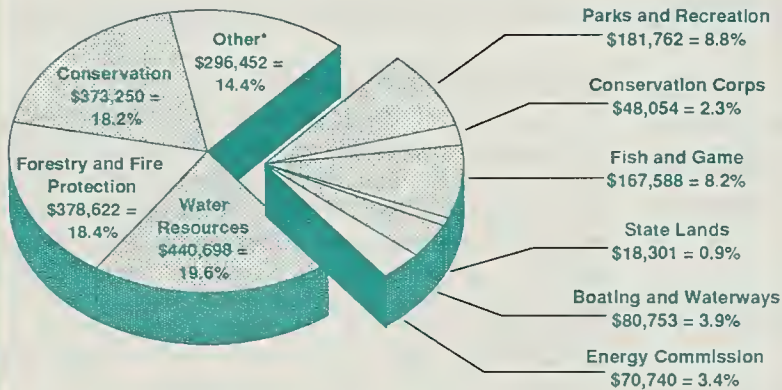
Components of the Governor's initiative are as follows:

- Enactment of the California Heritage Lands Bond Act to be placed before the voters in June 1992. This measure will provide \$628 million for acquisition, enhancement and restoration of natural resources. (See "California Heritage Lands Bond Act" for details.)
- Reform of timber harvest practices. Details of this proposal are described under the Department of Forestry and Fire Prevention, below.
- Reassessment of the state's forest fire protection programs.
- Increased coordination with local government in land use decisions that entail an obligation to provide forest fire protection.
- Strengthening the effectiveness of the Board of Forestry and the Timberlands Task Force.
- Assisting forest-dependent communities in achieving rural economic diversification and regional economic stability.
- Creation of the Riparian Habitat Conservation Program, which has been achieved with the enactment of Chapter 762, Statutes of 1991.
- Reducing the conflict between conservation and economic development in the course of protecting endangered species and their habitats.

Figure 10-A

**Natural Resources
Proposed 1992-93 Expenditures
All Funds**

(Dollars in Thousands)



*Other includes: Agency Secretary, Coastal Commission, Coastal Conservancy, Colorado River Board, Santa Monica Mountains Conservancy, S.F. Bay Conservation and Development Commission, Seismic Safety Commission, Special Resources, Tahoe Conservancy, Wildlife Conservation Board, Mandated Costs and General Obligation Bonds.

- Creation of a comprehensive model wetlands program.
- Increasing the local opportunities for acquiring parks and open space.
- Addressing the increasing demands on the State Park System.
- Seeking better utilization of marginal farmland through water conservation and development of wildlife habitat and increasing the protection of prime agricultural land.
- Strengthening the Coastal Commission.
- Creation of a comprehensive State Register of Historic Places.

California Heritage Lands Bond Act

As part of the Governor's "Resourceful California" initiative, the Administration has proposed legislation to place a \$628 million General Obligation bond measure on the June 1992 ballot to acquire, restore and preserve the state's natural resources. As currently proposed, the use of these funds is as follows:

- Native Forest Lands—\$300 million for native forests throughout the state including old growth redwoods, oaks and pines. Criteria for selecting areas include critical resource needs, geographical and biological diversity, and long-term management costs.

This fund will be available to assist with acquisition of the old-growth Headwaters Forest in Humboldt County, in potential partnership with the Resolution Trust Corporation, the U.S. Forest Service and private philanthropy.

- Parks—\$125 million is targeted for urgent state park needs. Of this amount, \$38 million will be used to acquire new parklands and \$87 million will be devoted to improving infrastructure, visitor use facilities, and resource management of existing parks. Due to inadequate funding, many previously authorized and acquired park units, such as Chino Hills State Park, San Simeon State Beach, Salt Point State Park, and Silverwood Lake State Recreation Area are lacking adequate visitor accommodations. New funding will also permit urgently needed restoration and rehabilitation of important historic sites, repair of worn facilities where public health and safety may be at risk, and the development of interpretive programs for visitors.

• Riparian Habitat—\$15 million for the Wildlife Conservation Board to acquire and restore endangered habitat on streams and rivers throughout California, including the Cosumnes, San Joaquin and Kern rivers.

- Wetlands—\$40 million for the Wildlife Conservation Board to acquire and restore rapidly-disappearing interior and coastal wetlands, such as San Francisco Bay marshlands, southern coastal lagoons, Delta wetlands and grasslands, waterfowl areas, and marsh habitat in the Central Valley.
- Threatened and Endangered Species—\$10 for the Wildlife Conservation Board to acquire and restore habitat of more than 281 California listed plant and animal species, including the Chuckawalla Bench Desert Tortoise Preserve in Riverside County and the Buttonwillows Preserve in Kern County.
- \$60 million for the State Coastal Conservancy to acquire, develop, enhance and restore coastal land and urban waterfronts.
- \$48 million for the Santa Monica Mountains Conservancy to acquire, develop and enhance land, in particular land in the wildlife corridor linking the Santa Monica Mountains, the Simi Hills and the Santa Susana Mountains.
- \$30 million for the California Tahoe Conservancy to acquire and restore real property in the Lake Tahoe area.

Department of Parks and Recreation

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System and the State Vehicular Recreational Area and Trail System.

The State Park System consists of 270 individual units, including 38 units administered by local and regional park agencies. The State Vehicular Recreation Area and Trail System includes 56,000 acres in seven units.

Because of reduced financial resources available to the Department, the 1992–93 Governor's Budget proposes a reduction of services in many state park units. These changes may begin as early as January 1, 1992 and will continue as long as necessary. These reductions of services will include one or two day closure and reduction of days and hours of operation in 27 park units. In addition, seasonal closures based upon weather and visitor attendance may be extended as well as some reduction in ranger and lifeguard services.

Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection (CDF) fulfills the state's responsibility to provide fire protection and suppression for approximately 36 million acres of privately-owned wildlands and administers local government fire protection under contract. The Department also regulates logging practices on private forestland, provides advisory assistance to landowners on forest management, regulates controlled burning of brushlands, and manages eight state demonstration forests and three state nurseries.

The Governor's Budget proposes \$378.6 million and 4,507 personnel years for state operations and local assistance programs.

Timber Harvest Reform. During 1991, the administration worked with representatives of the timber industry and environmental groups, the Legislature and members of the public to produce a comprehensive plan for reforming timber harvesting practices in the state. As a result of these discussions, the administration has drafted legislation for introduction during the 1992 Legislative Session. The proposed legislation calls for the following:

- Prohibition against clear-cutting of ancient and old-growth forests.
- Clear-cutting limitations of 20 acres for other forests, with buffers required between clear cuts.
- Clear-cutting limitations of 15 percent of the timber land within any watershed during each 10-year period.
- Prohibition of clear-cutting in stream protection zones, which are to be specified for all classes of water.

- Sustained yield requirements for all owners of timber land.
- Required long-term timber management plans for all owners of 5,000 or more acres.
- Subjection of timber management plans to watershed protection standards.

The costs incurred by CDF and other state agencies in implementing the legislation will be funded by a surcharge on the timber yield tax. A Finance Letter with specific details on the allocation of the revenue to be produced by the surcharge will be submitted to the Legislature in the spring.

Air Fleet Replacement. Fixed-wing aircraft and helicopters play a critical role in CDF's wildland fire fighting strategy of quick initial attack with rapid reinforcement. Much of the CDF fleet is over 25 years old and is no longer economical to operate. The Budget proposes \$6.5 million, to be funded by a General Obligation Bond measure that would be placed on the June 1992 ballot, to continue the administration's efforts to replace the aircraft and helicopters.

Fire Suppression Costs. Due to continuing drought conditions and the resultant forest bug infestations, California will likely continue to experience severe fire conditions. The Governor's Budget reflects an estimated deficiency of \$18.3 million for 1991–92 to restore base funding (\$9.5 million) to ensure adequate engines, fire stations, dozers, airtanker support, fire lookouts, conservation camps, and personnel as well as augmented Summer 1991 fire protection resources (\$8.8 million). In recognition of the potential for another severe fire season, the Governor's Budget proposes permanent restoration of \$7.9 million to maintain base fire protection funding and an appropriation of \$20 million for emergency fire suppression costs during 1992–93.

As part of the Governor's Budget, legislation will be introduced to provide for the generation of revenue to help defray the cost of fire protection in State Responsibility Areas. The Governor's Budget assumes that the fee will generate \$12 million in General Fund revenues in 1992–93.

The following significant budget changes are also proposed for 1992–93:

- \$490,000 and 1 personnel year, to be funded from the California Environmental License Plate Fund (ELPF) to provide support and technical assistance to the State Council on Biological Diversity. The Council will develop and implement the statewide strategy on maintaining biological diversity.
- \$6.7 million and 4 personnel years, to be funded from the Special Account for Capital Outlay (SAFCO) and a General Obligation Bond measure that would be placed on the June 1992 ballot, for continuation of replacement and modernization of critical telecommunications equipment.

- \$722,000 and 13 personnel years to be funded from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund to continue the efforts at controlling the Dutch Elm Disease in Sacramento and Alameda Counties.
- \$668,000 and 1 personnel year, to be funded from the California Wildlife, Coastal and Park Land Conservation Fund of 1988 for continuation of the urban forestry local assistance grant program.
- \$6.6 million from a General Obligation Bond measure to be placed on the June 1992 ballot to fund 21 major projects and various minor projects. These projects will provide for the renovation and relocation of various firefighting facilities.

In addition, the Governor's Budget proposes a deficiency appropriation of \$9 million in 1991–92 and an augmentation of a like amount in 1992–93 to restore the funds reduced from CDF's base budget during the hearings on the 1991 Budget Bill. The fire protection fees and the timber harvest fees that the Legislature had intended be used in lieu of General Fund monies failed to materialize because the necessary legislation was not enacted.

Department of Water Resources

The role of the Department of Water Resources (DWR) is to protect, conserve, develop and manage California's water. The Department is responsible for supplying water for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. The primary means of accomplishing this is through the California State Water Project. The Department also encourages flood plain management; assures public safety by managing, maintaining, and operating flood control facilities under its jurisdiction; and provides flood warning information as flood threats develop. Protecting public safety by supervising the construction, maintenance and operation of more than 1,000 dams under state jurisdiction is also a function of the Department.

The Governor's Budget for 1992–93 proposes almost \$1.1 billion and 2,743 personnel years for state operations, local assistance and capital outlay programs.

Five-Year Drought. The effects of the five-year drought continue to be widespread and severe. They include economic losses resulting from reduced agriculture crop yields; timber losses due to pests and disease; destructive forest fires; losses of fish, waterfowl and game; decreased hydroelectric power generation; and decreased recreational opportunities. Because of the drought, rivers are drying up, wetlands are disappearing, and trees are dying. Some species are rapidly facing extinction because of the deterioration of their habitats due to drought.

The drought has served to underline the fundamental, long-term water problems facing California. With the state's population increasing by 750,000 per year and

with the increased focus on the environment (in particular, on the problems of preserving threatened species such as the winter run salmon and the Delta smelt and preserving and restoring wetlands habitat), the current supply of water will not meet the increasing demand for it.

The Administration has made the environmental uses of water a high priority by strongly supporting drought-relief legislation that provides \$15.3 million to address the damage done to the state's natural resources. Among the uses of the funds are the purchase of water to increase flows and levels in critically low streams and lakes, removal and transfer of fish trapped by low water levels, development of alternative water supplies, and improvement of state fish hatcheries.

The Administration, through the leadership of the Resources Agency and the Department of Water Resources, also has championed water conservation by all consumers—urban, industrial and agricultural—because it views conservation as the key to addressing the state's long-term water problems. Among the actions taken by the Administration to promote water conservation were the establishment of an industrial water conservation program, the sponsorship of agricultural and urban drought workshops, support of a new law mandating water-efficient plumbing in new homes and buildings, urban drought planning, development of a new industrial water conservation training curriculum in conjunction with the University of California at Davis, publication of a new Industrial and Commercial Drought Guidebook with specific advice on how to implement cost-effective water conservation programs, and sponsorship of industrial water audit workshops where plant engineers can learn about new water saving technologies. In addition, the Administration and local water agencies aggressively pursued water recycling and efficiency in agricultural uses of water.

Water consumers throughout the state have been receptive to these efforts. Overall, the consumption of water was reduced by more than 25 percent in 1991, and in many areas of the state, water usage was reduced by 30 percent or more.

1991 Emergency Drought Water Bank. Another action taken by the Administration was the establishment of a Water Bank to meet critical needs for (1) carryover storage for 1992, (2) protection of fish and wildlife and their habitat, (3) municipal and industrial uses, and (4) agricultural needs. The responsibility for operating the Water Bank was assigned to the Department of Water Resources by the Governor. The Department immediately began purchasing water from farmers and irrigation districts, resulting in 350 individual contracts.

The Bank produced approximately 830,000 acre-feet of "new" water—water that would not have been available otherwise to be delivered to areas deemed to be in critical need. In urban areas where conservation measures were already stringent, bank water helped meet

the needs of municipal and industrial demands. In agricultural areas, permanent crops such as trees and vines were kept alive by the delivery of bank water. Extensive coordination with the Department of Fish and Game assured that fish and wildlife water needs were met. In addition, by having bank water available for carryover in the event of another drought year, the Bank has provided a "cushion" of water to help meet critical needs should 1992 remain dry.

The Governor's Drought Action Team is currently developing strategies for coping with a dry 1992. If the needed rains don't arrive, the Team remains active, and most of the water management innovations used in 1991 (including the Water Bank) will be implemented again in 1992.

Long-Term Water Policy. The Administration is committed to formulating and implementing new, innovative solutions to the water problems facing the state. In August of 1991, the Governor formed a cabinet level Long-Term Water Policy Task Force to look beyond today's pressing drought conditions and recommend long-term water policy designed to meet California's water supply needs through 2010. Results of the task force's four-month effort will reach the Governor early in 1992. The Task Force will make its recommendations on water transfers and water marketing; protection, restoration and enhancement of fish and wildlife populations and the biological systems on which they depend; increased conservation strategies; water recycling and reclamation; management of groundwater and surface supplies; additional storage and conveyance facilities; and protection of the Bay-Delta Estuary. DWR will use the long-term policy in updating the California Water Plan and in carrying out its future water supply programs.

For 1992-93, the following significant budget adjustments are proposed:

- \$300,000 and 2 personnel years, to be funded from the California Environmental License Plate Fund (ELPF) for the Upper Sacramento River Riparian and Habitat Restoration Project.
- \$500,000 and 5 personnel years from the California Water Fund for the California Water Plan.
- \$5,753,000 from the Water Conservation Bond Law of 1988 to continue to provide funding for loans to local agencies for eligible water projects that promote water conservation, replenishment of ground water or development of new water supplies.
- \$1,054,000 and 10 personnel years from State Water Project Funds for the North and South Delta Projects.
- \$220,000 from the Flood Control Bond Fund of 1992 for the West Intercepting Canal Capital Outlay Project.
- \$1,000,000 and 6 personnel years from the Flood Control Bond Fund of 1992 for the Sacramento River Bank Protection Capital Outlay Project.
- \$300,000 and 3 personnel years (\$210,000 from the Flood Control Bond Fund of 1992 and \$90,000 in

reimbursements) for the Marysville/Yuba City Levee Reconstruction Capital Outlay Project.

- \$900,000 and 1 personnel year from the Flood Control Bond Fund of 1992 for the Merced County Streams Project.

The Administration also will propose legislation to place a \$200 million General Obligation bond flood control measure on the June 1992 ballot. The Governor's Budget proposes local assistance and capital outlay expenditures of \$89.5 million from bond funds for this purpose in 1992-93.

Energy Resources Conservation and Development Commission

The Energy Commission is the state's principal energy planning and policy making agency, charged with ensuring a reliable and affordable energy supply, while maintaining policies which also address the need to protect the environment and maintain the health, safety, and general welfare of California's citizens. Toward this end the Commission is focusing the state's policy on finding the most cost effective, reliable, efficient resources, and minimizing the environmental impacts of anticipated population growth.

The Governor's Budget for 1992-93 proposes \$70.7 million and 481 personnel years for support of the Commission and its local assistance programs. This includes \$17 million from the Petroleum Violation Escrow Account.

California's Energy Plan. The Governor's Energy Plan, prepared by the California Energy Commission under the leadership of Governor Wilson, is a future-oriented document detailing goals to meet the state's energy challenges through the end of the century. It was developed with the cooperation of various state and local government agencies as well as business representatives from industry, commerce and agriculture. The Energy Plan is a comprehensive blueprint for California's energy future. The 12 recommendations and the 65 specific action steps represent a careful balance between market principles and a respect for environmental values.

The future economic growth of our state is directly linked to the price and availability of energy in all its forms. The price and reliability of energy is critical to California's competitiveness. A key component of the Energy Plan is to improve energy efficiency. For the state's electricity system, the plan recommends that three-quarters of the almost 11,000 megawatts needed by 2001 will be met through energy efficiency. By increasing business and industry sectors' energy efficiency, we can make California companies more competitive. In 1990, Californians spent about \$43.5 billion, or about six percent of the state's \$750 billion Gross State Product, for energy. Each one percent reduction in energy costs for businesses and industries in this state would add \$400 million more

to the Gross State Product. Energy efficiency also means that we avoid the environmental and economic costs associated with building large utility sized power plants in the state and do not overbuild our electricity transmission line system at a cost of millions of dollars to the ratepayer.

For the transportation system, the plan urges the federal government to increase current corporate average fuel economy standards to cost-effective levels. Every month in California we burn more than one billion gallons of gasoline and with the break-up of the Soviet Union, we have moved to number two in the world for gasoline consumption behind the United States as a whole. As California's demand for gasoline grows in the coming decade, our traditional sources of in-state and Alaskan oil production will be declining. The only options available to California for offsetting this decline will be the unacceptable development of oil resources in environmentally sensitive areas or a substantial increase in our foreign oil imports. Combining with this decline in traditional oil resources is a growing recognition that the state's existing infrastructure to transport, refine and distribute new and additional volumes of crude oil and petroleum products will not be able to meet the needs of California's expanding population. The Energy Plan recognizes that if we want to reduce the future uncertainties stemming from our petroleum dependence then we must become aggressive about the fuel efficiency of new vehicles sold within our state.

Finding other fuels to supplement petroleum in running our transportation system is an important principle of the Energy Plan and more than an insurance policy against future uncertainties. The Energy Plan recognizes the importance of developing and implementing clean alternative fuels and vehicle technologies in the transportation system. Clean alternative fuels also move us toward a commitment to cleaner air in California. Under this plan, consumers will be able to choose from an array of cleaner fuel options such as methanol, natural gas, ethanol, electricity and cleaner burning reformulated gasoline. Diversity means competition, and competition is good for the economy and the consumer. We have already reduced our dependence on petroleum for electricity generation which resulted in the development of an energy industry that generates \$6.9 billion annually and has created over 30,000 jobs. California can be proud of its national and international recognition as a leader in alternative energy development, with 82 percent of the world's installed wind capacity, 50 percent of the world's geothermal power plants, and 99 percent of the world's utility sized solar generation. This has set the stage for California to export energy equipment, products and services which benefit the state's trade balance and develops new jobs for Californians.

Petroleum Violation Escrow Account. Consistent with the Governor's commitment to implement economically and environmentally sound energy policies, the Governor's Budget proposes expenditures of \$46.2 mil-

lion from the Petroleum Violation Escrow Account (PVEA) to support implementation of the Governor's Energy Plan. This amount includes \$9.2 million to be appropriated in proposed legislation for current year programs and \$37 million for budget year programs.

Table 10-1 summarizes the proposed expenditures to support California's Energy Plan. The PVEA proposals continue the highly successful Small Schools Program, Farm Loan Program and the Energy Conservation Program which provide funds to schools, hospitals, local governments, and farms for energy efficiency improvement. The proposals include a new Special Districts Program designed to assist special districts to identify and take advantage of energy conservation opportunities. The PVEA proposals continue the demonstration programs for natural gas vehicles, electric vehicles, and methanol fuel flexible vehicles. Under the Governor's "Drive Clean California" campaign, the Energy Commission is currently placing 2,000 fuel flexible Chevrolet Lumina throughout the state. The Methanol Fuel Demonstration Program would establish similar partnerships with Ford and Chrysler.

California Coastal Commission

California's vast and diverse coastline is considered by many to be one of the state's most valuable natural resources. In an effort to protect this important resource and ensure orderly development within the coastal zone, the California Coastal Act was enacted in 1976. This Act also established the California Coastal Commission and designated it as the lead state agency with respect to coastal issues.

The 1992-93 Governor's Budget proposes \$9.9 million and 117 personnel years for the Commission. Included in this total are \$801,000 and 3 personnel years, funded from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund, and \$1.2 million and 6 personnel years from the California Environmental License Plate Fund, to enable the Commission to continue to aggressively enforce the Coastal Act in the face of a shortage of General Fund resources.

California State Coastal Conservancy

The California State Coastal Conservancy was created to assist in the preservation of sensitive or unique coastal property and public access, resolve coastal land use disputes by preparing habitat and development plans for both coastal development and preservation, prepare funding packages and provide grants for various coastal facilities.

By obtaining public and private financial participation in its projects, the Coastal Conservancy is able to leverage the state funds appropriated by the Legislature and various propositions enacted by the state's voters. In 1990-91, for example, the Conservancy was able to acquire 2,479 acres of sensitive coastal land valued at

Table 10-1

**California's Energy Plan
Summary of PVEA Funded Proposals
1991-92 and 1992-93**

(Dollars in Thousands)

<i>Department Program</i>	<i>1991-92</i>	<i>1992-93</i>
ENERGY COMMISSION		
Katz Safe Schoolbus Clean Fuel Efficiency Demonstration Program — Provides funds to school districts to replace schoolbuses manufactured before April 1, 1977 with safe, fuel-efficient buses.	—	\$8,911
Small Schools Assistance Program — Assists small school districts to identify and take advantage of energy conservation opportunities.....	\$2,147	—
Special Districts Assistance Program — Assists local special districts to identify and take advantage of energy conservation opportunities.....	2,066	—
Energy Technologies Advancement Program — Provides loans and repayable contracts to conduct research and development of advanced energy technologies..	1,800	2,000
Methanol Fuel Demonstration — Establishes partnerships with Ford and Chrysler to produce methanol fuel flexible vehicles.....	1,046	1,126
Farm Loan Program — Provides loans and grants to promote energy conserving farming practices.	1,000	1,077
Compressed Natural Gas — Demonstrates feasibility of CNG in promoting air quality and energy diversity.	558	—
Electric Vehicles — Demonstrates advanced electric vehicle technologies to improve air quality and diversify transportation energy base.	544	—
Methanol Network — Establishes 21 methanol fueling facilities for fuel flexible vehicles and school bus demonstrations.	58	852
Targeted R&D Program — Establishes an energy research, development and demonstration program targeted to energy opportunity technologies.....	—	2,161
Energy Conservation Assistance Act Loan Program — Provides loans, technical assistance, and grants to schools, hospitals, and local governments for energy efficiency improvements.	—	2,000
Commercialization of Renewable End-Use Technology — Develops a comprehensive commercialization plan for new technologies in the electric generation, transportation, and end-use sectors.....	—	1,160
Transportation Energy Technology Innovation Program — Develops innovative transportation energy technologies that address the problems of air quality and energy diversity.	—	1,135
Energy Technology Demonstration Facility — Develops an energy technology demonstration site to help commercialize new energy technologies.	—	1,102
Off-road HD Vehicle Demonstration — Develops and implements a program to demonstrate heavy-duty off-road alternative fuel vehicles.	—	1,063
Alternative Fuels Demonstration Testing — Co-funds the establishment and support of a center for clean-air vehicle testing.....	—	564
Solar II — Co-funds power generation project related to development of alternative technology and leverages additional \$25 million.	—	500
Appliance Standards, Energy Efficiency & Air Quality — Improves the energy efficiency of appliances.	—	333
Evaluation of Transportation Energy Program — Evaluates transportation energy uses in order to reduce environmental and economic costs. (Chapter 900/91).....	—	309
Continuation of Staff Support (all PVEA Programs) — Continues funding for positions which support various PVEA programs.....	—	871
Siting and Permit Assistance — Provides grants to local governments for local power plant siting and energy-related land use planning assistance.	—	300
Small Business Energy Loan Program — Assists small businesses in demonstrating manufacturing, and purchasing equipment to demonstrate new and alternative energy technologies and applications.	—	462
AIR RESOURCES BOARD		
Light-duty Methanol Research — Tests five 100% methanol powered vehicles for their driveability, fuel efficiency, and emissions.....	—	350
Emission Modeling — Analyzes alternatives which provide refineries with greater flexibility in meeting the requirements of the comprehensive reformulated gasoline regulations.....	—	665

Table 10-1—Continued

California's Energy Plan
Summary of PVEA Funded Proposals
1991-92 and 1992-93

(Dollars in Thousands)

<i>Department Program</i>	<i>1991-92</i>	<i>1992-93</i>
OFFICE OF PLANNING AND RESEARCH		
Institute on the Environment — Establishes and supports an institute to advance environmental engineering and sciences through a program of applied research and education.....	—	2,200
Regional K-12 Program — Provides energy management services for K-12 schools and provides grants to develop "blueprints" for model programs.....	—	1,000
Energy Growth Assistance — Identifies energy issues that face California in the context of growth management.....	—	400
DEPARTMENT OF ECONOMIC OPPORTUNITY		
Combustion Efficiency Testing — Provides furnace efficiency gauges and training to determine the efficiency of furnaces in low income homes.	—	350
Weatherization Inspections and Installation Standards Manual — Provides standards for weatherization measures in low income homes and insures compliance with standards.	—	325
Blower Door Technology — Provides blower door units and training to identify air infiltration in existing residences and assure the cost effectiveness of conservation measures.....	—	291
DEPARTMENT OF TRANSPORTATION		
Fuel Efficient Traffic Signal Management — Reduces fuel consumption through development of more efficient traffic signal timing in local communities.....	—	1,000
Rideshare — Encourages more commuters to share rides through expanded van pools, car pools and shuttles.....	—	2,500
DEPARTMENT OF CORRECTIONS		
Automated Scheduling For Transport of Inmates — Reduces fuel consumption by efficiently scheduling transportation of inmates across the state.	—	1,994
TOTAL FUNDING PROPOSALS	\$9,219	\$37,001

\$15.6 million. These projects included such significant purchases as the 1,493-acre Cullinan Ranch wetlands on San Pablo Bay, the third and final phase of the 300 acre Point Cabrillo Light Station project in Mendocino County, and authorization of funds to acquire 90 critical acres in the San Dieguito River Valley of San Diego County for the valley regional park. For 1992-93, the Governor's Budget proposes \$17.3 million and 48 personnel years for the Conservancy, including \$13.1 million for new acquisitions. For 1992-93, significant Conservancy expenditures include \$3.1 million from the California Wildlife, Coastal, and Park Land Conservation Fund of 1988 (Proposition 70) for San Luis Obispo and Santa Barbara Counties Coastal Dunes and Wetlands acquisition, \$4 million from the Habitat Conservation Fund for resource enhancement projects pursuant to Proposition 117, and \$1.2 million from the State Coastal Conservancy Fund of 1976 and Proposition 70 funding for coastal restoration projects. The Administration also is proposing to allocate \$60 million from the California Heritage Lands Bond Act that would be placed on the June 1992 ballot to the Conservancy to acquire, develop, enhance and protect additional coastal land and urban waterfronts.

California Tahoe Conservancy

The California Tahoe Conservancy is responsible for the acquisition, preservation and management of lands in the Lake Tahoe Region for purposes of protecting the natural environment, providing public access and recreational facilities, and preserving wildlife habitat areas.

The Governor's Budget for 1992-93 proposes \$4.2 million and 27 personnel years for support and local assistance programs. In addition to the funds reflected in Figure 10-A, \$5 million is proposed from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund for continued purchases of environmentally sensitive lands in the Lake Tahoe Basin. The Conservancy estimates that there are 15,000 undeveloped parcels on the California side of the Tahoe Basin. Of this total, 6,000 to 7,000 are currently classified as environmentally sensitive. To date, the Conservancy has authorized the expenditure of \$59.3 million for the acquisition of 4,400 parcels. The Conservancy estimates that it may authorize acquisition of an additional 300 sensitive parcels, at a cost of about \$7.5 million by the end of 1992-93.

The 1992-93 Governor's Budget also proposes \$500,000 from the Habitat Conservation Fund for restoration of

fish, waterfowl and wildlife habitat; and \$875,000 from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund for the enhancement of recreational access to Lake Tahoe. The Administration also is proposing to allocate \$30 million from the California Heritage Lands Bond Act that would be placed on the June 1992 ballot to the Conservancy to acquire and restore additional property in the Lake Tahoe area.

Soil Erosion Control. Although the principal focus of the Conservancy is the acquisition of environmentally sensitive land, control of soil erosion in the Tahoe Basin has become a high priority for the Conservancy. Soil erosion control is required to mitigate the effects of past development activities by reducing the discharge of sediment into the waters of Lake Tahoe and surrounding areas. The Governor's Budget includes \$871,000 from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund for additional erosion control grants in the Lake Tahoe Region. This amount will be awarded to various public agencies. In addition, the Budget proposes \$1.2 million from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund and \$279,000 from increased reimbursements for the implementation of projects to restore large degraded areas, including stream environment zones, to natural conditions.

Department of Fish and Game

The Department of Fish and Game (DFG) is mandated with the responsibility of managing California's rich diversity of fish and wildlife and wildlife habitats for the continued use and enjoyment of these natural resources for future generations. In fulfilling this responsibility, the Department manages 80 wildlife areas, 67 ecological reserves, 24 inland and anadromous fish hatcheries.

In addition, the Department of Fish and Game has acquired over 521,000 acres of land for the management of fish and wildlife and/or to provide public access to fish and wildlife resources for recreational purposes.

Wildlife habitat is maintained for a multitude of purposes, including wildlife breeding and nesting, protection of rare and endangered species and unusual ecological communities. The Department has made a concentrated effort to restore fish and wildlife habitats to encourage and enhance commercially and recreationally important species. These restoration projects contribute to the economic health of California by increasing angling, hunting and other outdoor recreational use.

In 1991-92, the Department spent approximately \$2.1 million on projects designed to enhance wetland and riparian habitat, \$1.7 million on deer range habitat, and \$6.9 million on projects designed to restore warm water and wild trout fish habitat and to enhance the salmon and steelhead fisheries.

The Governor's Budget proposes \$167.6 million and 2,104 personnel years for support of the Department's programs, reflecting an increase of \$15 million, or 9.9

percent, over the 1991-92 budget. Major expenditure proposals for 1992-93 include:

- \$3.2 million from the California Wildlife, Coastal, and Park Land Conservation Fund of 1988 (Proposition 70) to continue the fish habitat restoration and enhancement projects and fish rearing activities authorized in the Proposition.
- \$1.8 million to pay counties in-lieu property tax assessments on properties acquired as Wildlife areas.
- \$1.2 million to continue implementation of the Waterfowl Habitat Preservation Program which is designed to implement California's commitment to the North American Waterfowl Management Plan to restore, protect and enhance waterfowl habitat.
- \$2.3 million (\$1.1 million Public Resources Account, Cigarette and Tobacco Products Surtax Fund, and \$1.2 million Fish and Game Preservation Fund) and 33 personnel years to augment the level of resources available to manage the department's real property.
- \$1.1 million from the Federal Trust Fund and 15 personnel years to establish an urban fishing and education program with the intent of improving urban fishing conditions through improved habitat, fish stocking and public awareness efforts.
- \$1.1 million (\$0.9 million Federal Trust Fund and \$0.3 million Fish and Game Preservation Fund) and 20 personnel years to conduct fishery resource assessments to determine the status, needs and strategies for protecting and managing a variety of fish species.
- \$1.5 million in increased reimbursements from the State Water Resources Control Board and 4 personnel years to monitor and control pollutants in sediments found in bays and estuaries.

Natural Community Conservation Program. The 1992-93 Governor's Budget proposes \$1.8 million from the California Environmental License Plate Fund and 28 personnel years to begin implementation of the Natural Community Conservation Program (NCCP). Consistent with this administration's resource management principal of "biological diversity," this program is intended to enhance the State's ability to protect and conserve native species and their habitat by managing geographical units large enough to ensure the continued existence of an entire ecosystem. The DFG is proposing to implement the NCCP through a pilot project in Southern California that would focus on coastal sage scrub vegetation and species associated with this ecosystem.

Cantara Toxic Spill. During the evening of July 14, 1991, a Southern Pacific Railroad train derailed at the Cantara Loop bridge over the Sacramento River spilling 19,500 gallons of the chemical metam sodium directly into the river. All aquatic life, peripheral aquatic vegetation and water associated wildlife in the 45 mile stretch of the river between the spill site and Lake Shasta was adversely impacted. As the lead agency for the spill, the DFG is required to prepare the damage assessment plan

in compliance with the Federal Comprehensive Environmental Response Compensation and Liability Act guidelines, and to plan, implement and monitor the success of various fish and wildlife restoration strategies.

In the current year, 26 personnel years and \$2.5 million (\$2.0 million, Fish and Game Preservation Fund, and \$0.5 million from the Fish and Wildlife Pollution Cleanup and Abatement Account) are proposed to begin damage assessment studies on the spill. An additional \$252,000 in reimbursements from the Southern Pacific Transportation Company have been received by DFG for response costs associated with the spill.

The 1992-93 Governor's Budget proposes a total of 14 personnel years and \$6,571,000 from the Fish and Game Preservation Fund (FGPF) to continue damage assessment activities related to the spill. The Governor's Budget also proposes to make a loan available to the Fish and Game Preservation Fund from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund in the amount of \$8,571,000 to cover both current and budget year costs to the FGPF pending a final court settlement against Southern Pacific. The DFG anticipates that Southern Pacific will fully reimburse the Department for these costs, at which time the loan would be repaid.

Oil Spill Response

Legislation passed in 1990 enacted a comprehensive oil spill prevention and response act to address potential spills in state coastal and marine waters. This statute provides a framework for state regulatory programs to ensure that transporters and handlers of petroleum and petroleum products in marine waters are financially and operationally prepared to prevent and respond to oil spills. The Administrator to the Office of Oil Spill Prevention and Response in the Department of Fish and Game has primary responsibility for implementing the chapter.

For 1992-93, the Budget proposes \$12.1 million and 116 personnel years for support of the office. These totals include the following proposed augmentations:

- \$606,000 and 6 personnel years to conduct inspections of marine facilities and vessels to prevent oil spills caused by mechanical and operational deficiencies. In addition, the 1992-93 Governor's Budget proposes 4 personnel years and \$614,000 from the Oil Spill Prevention and Administration Fund for the State Lands Commission to carry out oil spill program related activities as required by the enabling legislation. (See State Lands Commission.)
- \$150,000 and 1 personnel year to conduct regular surveillance flights over harbors and vessel traffic lanes to spot illegal or unreported oil discharges.
- \$125,000 for increased DFG vessel operations for monitoring, surveillance and enforcement activities to prevent oil spills.

Department of Conservation

The Department of Conservation encourages the proper management of the state's land, energy, and mineral resources. Additionally, the Department investigates and disseminates information related to natural hazards such as earthquakes and landslides. The Department's services and information are used in making land use decisions, as well as decisions regarding facility sitings, the regulation of energy resources and the protection of the state's agricultural lands and open space resource. In addition, the Department implements the California Beverage Container Recycling and Litter Reduction Act of 1986 which requires certification of recycling centers, awarding of grants and contracts for litter abatement and related activities; monitoring the payment and reporting system for collection and disbursement of the container redemption payment and refunds; and enforcement and auditing of program participants.

The Governor's Budget for 1992-93 proposes a total funding level of \$373.2 million and 564 personnel years.

Beverage Container Recycling Program. In 1986, AB 2020 passed which established an 80 percent recycling rate goal for aluminum, glass and plastic beverage containers in California. Since that time, recycling rates for beverage containers have soared for an average recycling rate of 84 percent at the end of June 1991. The Department continues to look for ways to improve the program, including methods to improve the marketability of recycled containers, especially those made of glass and plastic.

Land Conservation/Farmland Mapping. The Department continues to make progress in mapping and classifying farm and open space lands in California. Thus far, the Office of Land Conservation has mapped and classified over 34 million acres of land in California. These mapping efforts served as the foundation to the highly acclaimed diverse land-use maps produced for and utilized at the Resource Agency's recent Sierra Summit. This office is proceeding in their efforts to preserve agricultural land to the extent possible in order to maintain a viable agricultural economy. In addition, a strategy to implement the State's Soil Conservation Program is underway in order to address problems such as erosion and salinity.

Wildlife Conservation Board

The Wildlife Conservation Board is a three-member board created by the Legislature in 1947. It is responsible for acquiring, conserving and enhancing natural resources and providing fishing, hunting and recreational access to the people of California. Through its staff, the Board conducts studies to determine the areas in the state most essential and suitable for wildlife production and preservation and which will provide recreational advantages. The Board receives funds to acquire and restore wildlife habitat from the California Environmental License Plate Fund, from the Tobacco

Tax and Health Protection Act of 1988 (Proposition 99), from the Habitat Conservation Fund, which was established by the Wildlife Protection Act of 1990 (Proposition 117), and from bond measures passed by the voters.

During 1990–91, the Board authorized 44 acquisition projects and allocated \$36.6 million to buy 24, 141 acres of land. Another 37 acquisitions, encompassing 20,581 acres valued at \$30.4 million, that were authorized in previous years also were completed in 1990–91. Additionally, the Board authorized 35 projects, worth \$3.1 million, for habitat restoration and enhancement and renovation of recreation facilities.

Under legislation enacted in 1991, the Board will administer the Riparian Habitat Conservancy, through which the state will identify, acquire and conserve environmentally sensitive riparian habitats. The Board also will administer the Inland Wetlands Conservation Program. Under this program, the Board will acquire and preserve land and water rights, as well as enhance or restore wetland habitat areas in the Central Valley. The Governor’s Budget proposes \$4.5 million and 1 personnel year to enable the Board to implement these statutes.

In total, the Governor’s Budget proposes \$33 million and 15 personnel years for the Board’s operations and acquisitions in 1992–93. In addition, approximately \$15 million of the proposed California Heritage Lands bond measure would be dedicated to riparian habitat acquisition by the Board.

Wildlife Protection Act of 1990 (Proposition 117)

Passed by the voters in June 1990, the Wildlife Protection Act of 1990 created the Habitat Conservation Fund and requires \$30 million to be transferred to the fund each year to be used by specified agencies for preservation of unique wildlife habitat.

During 1990–91, the first year of implementation, the five agencies collectively spent \$23.6 million to acquire almost 58,000 acres of property. Some of the more significant acquisitions were:

- 37,760 acres of wetlands habitat within the Estero De San Antonio in Marin County
- 5,740 acres for the Mission Trails Regional Park in San Diego County
- 4,657 acres in the Whiskey Lakes area of Siskiyou County
- 3,825 acres within Santa Rosa Springs in Riverside County
- 1,493 acres within the Cullian Ranch Site in Solano County

Acreage acquired and funds expended by type of habitat are displayed in Table 10-2.

Consistent with the Act, the Governor’s Budget proposes to allocate \$30 million of Proposition 117 funds in the following manner in 1992–93:

- \$11 million to the Wildlife Conservation Board
- \$10 million to the Santa Monica Mountains Conservancy
- \$4.5 million to the Department of Parks and Recreation
- \$4 million to the State Coastal Conservancy
- \$500,000 to the California Tahoe Conservancy

State Lands Commission

The State Lands Commission is responsible for the management and supervision of all statutory lands which the state receives from the federal government. These lands include all navigable rivers, lakes and streams, tidelands, swamp and overflow lands and school lands. Rents and royalties are collected from surface uses, extraction of oil, gas, minerals, and geothermal steam resources and timber sales. These revenues are estimated to total \$125.3 million for the 1992–93 fiscal year.

The 1992–93 Governor’s Budget proposes \$18.3 million and 254 personnel years for support of the State Lands Commission. Included in this amount is \$84,000 and 1 personnel year, to be funded from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund, to examine long reach drilling techniques and their potential for increasing oil recoveries.

Table 10-2

Wildlife Protection Act of 1990 1990–91 Habitat Acquisitions (Dollars in Thousands)

<i>Type of Habitat Acquired</i>	<i>Acres</i>	<i>Expenditures</i>
Deer and Mountain Lion.....	3,015	\$6,801
Rare, Endangered and Protected Species.....	1,272	9,032
Significant Natural Areas.....	5,313	2,956
Wetland Habitat.....	41,470	4,037
Aquatic Habitat.....	4	777
Riparian Habitat.....	40	893
Wildlife Corridors, Urban Trails.....	5,751	8,678
Projects Linking Habitats....	11	6,702
Totals.....	56,876	\$39,876

In addition, the 1992–93 Governor's Budget proposes 4 personnel years and \$614,000 from the Oil Spill Prevention and Administration Fund to carry out oil spill program related activities. This amount includes 1 personnel year and \$98,000 to examine the management of human error in operations of marine systems and 3 personnel years and \$516,000 to monitor the marine environment adjacent to marine terminal operations.

Seismic Safety Commission

The Seismic Safety Commission was established to improve earthquake safety in California through: the annual revision of the California Earthquake Hazard Mitigation Program, implementing provisions of 1986 legislation requiring local governments to inventory hazardous buildings and develop mitigation plans, review-

ing the State's progress toward preparing for the inevitable earthquakes, pursuing programs to strengthen State-owned buildings and continuing to study the effects of the Loma Prieta Earthquake.

In 1992–93, the Governor's Budget proposes total expenditures of \$1.7 million and 11 personnel years. The following is the major program change for 1992–93:

- An increase of 2 personnel years and \$734,000 to develop and distribute a homeowner's guidebook and a commercial building owner's guidebook to earthquake safety. The costs associated with the guidebooks will be recovered through the sale of the guidebooks to realtors who will distribute the books to the buyers of homes and commercial buildings pursuant to recent legislation.

General Government

No longer can we be satisfied with reactive and remedial efforts. Even in this time of unprecedented fiscal constraint, we must find a way to at least begin to move to a mode of anticipation and prevention.

Governor Pete Wilson
January 1991

The Office of the Secretary of the State and Consumer Services Agency provides policy direction and assistance to the departments in the Agency to deliver essential services to consumers, state organizations, professions and individuals in an efficient and effective manner. The Agency includes a diverse collection of departments established to ensure such services as employee parity, retirement benefits, consumer protection, veterans' benefits and the state's general house-keeping functions as well as operation of two museums.

In addition, the Office of Insurance Advisor was established in the 1991-92 Budget. Placement of the Office within the State and Consumer Services Agency reflects the Administration's view that insurance is a priority consumer issue which affects virtually all Californians. The mission of the new office is to serve as the principal advisor to the Governor's Office on proposed legislation, recommendations regarding insurance proposals and constituent interests, and the representation and promotion of the Administration's insurance policy.

The 1992-93 Governor's Budget proposes \$1,219.1 million and 14,487 personnel years for support operations and local assistance for programs within the Agency (see Figure 11-A).

Department of Consumer Affairs

The Department of Consumer Affairs was established to protect consumer interests through licensing and regulation of specific professions, occupations and businesses ranging from the healing arts to contractors as well as general consumer representation, by the Division of Consumer Services, for mediation and education in those areas not within the jurisdiction of any of the 38 boards/bureaus/committees or commissions. The

Department is also directed by statute to facilitate the proper functioning of a free enterprise market economy through educating and informing consumers, fostering competition, guarding against fraudulent practices and promoting consumer representation throughout all levels of government.

Each of the regulatory agencies in the Department has its own regulatory act which grants to the particular board the authority to issue licenses, collect fees from and regulate the activities of licensees under its jurisdiction. In addition, administrative support services are provided in a cost effective manner through the centralized services of the Divisions of Administration, Technology, Investigation, and Consumer Services.

Given the current budget crisis, it is incumbent upon state agencies to reassess the way services are being provided. As one way to address this challenge, the Department of Consumer Affairs has created a corps of volunteers and interns who are strengthening their ability to respond to public inquiries and bring rapid resolution to consumer complaints. Over the past year, the Consumer Assistance Office provided recorded information to 175,000 callers; personally counseled 88,500 consumers and mediated 1,355 complaints in helping to secure refunds and services.

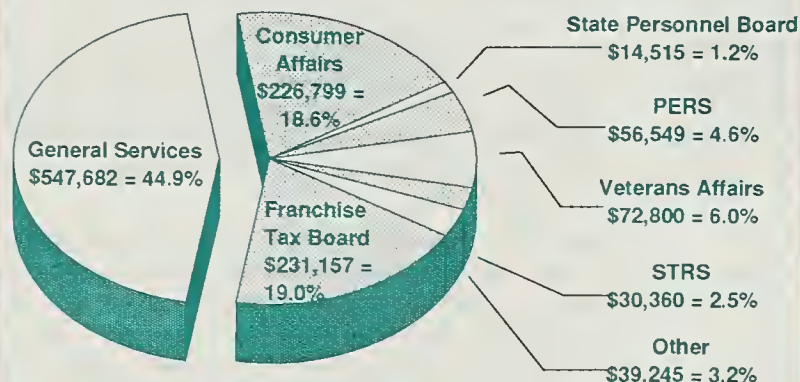
The 1992-93 Governor's Budget proposes total expenditures of \$226.8 million and 2,446 personnel years to support the operations of all the boards and the divisions of administration. Significant program changes for 1992-93 include:

- Board of Accountancy—An increase of \$2.4 million and 4 personnel years is proposed. Included in those figures are \$2.3 million for the Major Case Enforcement Program, which is designed to prosecute firms and individuals whose performance has contributed to the recent financial problems in such industries as insurance and savings and loan. Also, \$108,000 and 3 personnel years are proposed to expand the citation and fine program.
- Contractor's State License Board—An increase of \$3.4 million and 21 personnel years is proposed to meet projected workload. Included in those figures are \$1.5 million and 15 personnel years to establish Unlicensed Activity Units in Northern and Central California; \$676,000 and 3 personnel years to enhance

Figure 11-A

**State and Consumer Services
Proposed 1992-93 Expenditures*
All Funds**

(Dollars in Thousands)



*Includes state support and local assistance expenditures only and excludes Cal-Vet Loans and retirement system benefit payments. The state's contribution to the State Teachers' Retirement System is discussed in the Education Section of this Summary.

the Board's Public Information Office; and, \$868,000 to continue the Voluntary and Mandatory Arbitration Programs statewide.

- Department of Consumer Affairs' Division of Investigation—An increase of \$751,000 and 10 personnel years for projected investigative workload resulting from more rigorous enforcement programs currently being implemented by numerous boards and other client agencies.
- Board of Registered Nursing—A net increase of 33 personnel years and \$552,000 is proposed to substantially increase the Board's level of service and to address the backlog of license processing. The Board expects to improve its level of service by reducing the current lag in processing licensing applications from 7 to 10 weeks down to 3 weeks. The Board will also increase its service in areas such as more efficient handling of phone call inquiries; an increase in proctors to handle a projected 21 percent increase in nursing examination applications; and by converting to a direct application system in which applicants send their computer readable exam sheets to a national testing firm.
- Medical Board of California and the Allied Health Committees—An augmentation of \$4.5 million is pro-

posed for additional funding to fully staff the Health Quality Enforcement Section of the Attorney General's Office. The goal of the unit is to improve the health practitioner discipline system of the State of California. The Attorney General will increase its staff to prosecute both the backlog of cases and the ongoing referrals from the Medical Board and the allied health committees. In addition to the Attorney General funding, this augmentation includes funding for the Office of Administrative Hearings costs associated with the increased Attorney General cases.

- Other Enforcement Increases—An increase of 20 personnel years and \$1.1 million is proposed to handle increased enforcement workload and, in some cases, to expand the enforcement programs. Some areas of increased enforcement activity include an additional 4 personnel years and \$216,000 for the Private Investigator program to reduce its backlog and respond to increased enforcement workload; an increase of 2 personnel years and \$153,000 for the Board of Dental

Examiners to implement a pro-gram pursuant to recent legislation which authorizes the Board to inspect the books, records and premises of dentists in response to complaints and to cite and fine violators; and an increase of 9 personnel years and \$475,000 for the combined Board of Barbering and Cosmetology to increase the number of inspections to one inspection per year of all facilities.

Office of the State Fire Marshal

The Office of the State Fire Marshal (SFM) was created to establish and maintain an environment of fire safety and prevention throughout the state. The mission of the SFM is accomplished in three ways: by regulating the buildings in which people live, congregate or are confined; by controlling substances which may cause injury, death or destruction by fire; and by educating and training people in fire protection and suppression. The SFM meets its mission through the Field Operations Division, Pipeline Division, Arson-Bomb unit, Technical Services unit and the administrative support unit.

In the aftermath of the Oakland Hills fire, an inter-agency task force has been convened to advise the Governor on fire safety issues including existing requirements for roofing materials. The Task Force includes representatives of the State Fire Marshal, the California Department

of Forestry, the Building Standards Commission, the Department of Housing and Community Development, the Office of the State Geologist, and the Office of the Governor. The Task Force will be developing a number of recommendations to the Administration to emphasize fire prevention. Areas to be explored will include: increased fire safety planning between state government and local jurisdictions, minimum roofing requirements, and fire regulations for lands designated as a State Responsibility Area (SRA) as well as for other non-SRA lands for which local fire authorities have primary responsibility for fire suppression.

The 1992–93 Governor's Budget proposes 160 personnel years and \$12.5 million for support of the SFM. Significant program changes for 1992–93 include:

- Increases of 9 personnel years and \$821,000 in special funds and reimbursements for fire safety programs including implementation of an inspection and training program related to fireworks manufacturing and storage facilities, and implementation of the Advisory Committee on Oil Refinery and Chemical Plant Safety Preparedness pursuant to recent legislation.
- A reduction of 32 personnel years and \$2.2 million in reimbursements in response to recent legislation which consolidates all hospital and school building plan checking activities into the Office of Statewide Health Planning and Development (OSHPD) and Office of the State Architect (OSA), respectively. This budget adjustment reflects the immediate transfer of responsibilities to OSHPD. The shift of staff to OSA will occur over an 18 month period to ensure a smooth transition.

Franchise Tax Board

The Franchise Tax Board administers the state Personal Income Tax, Bank and Corporation Tax and other mandated programs initiated by law or by the Administration. Each year the personal and bank and corporation tax programs produce revenues in excess of \$25 billion, which is nearly 56 percent of total General Fund revenues. Of this amount, over \$2.5 billion is produced by the Board's Audit, Collections, and Filing Enforcement programs. Approximately 15 million personal income tax returns and over 530,000 bank and corporation tax returns are filed each year.

The 1992–93 Governor's Budget proposes expenditures of \$231 million and 4,349 personnel years for the Board. Budget adjustments for 1992–93 include:

- \$6.3 million and 147 personnel years to augment audit programs which determine the correct tax liability for taxpayers. These resources, coupled with activities to maintain the existing revenue base, will generate approximately \$137 million in revenues in 1992–93.
- \$2.3 million and 46 personnel years to augment collection programs to enhance taxpayer compliance with Personal Income Tax and Bank and Corporation

Tax Laws. These resources will generate an additional \$15 million in revenues in 1992–93.

- In order to preserve the revenue base, the Franchise Tax Board was not required to make any budget reductions in 1991–92 or 1992–93 which would adversely affect the generation of revenues.

Department of General Services

The Department of General Services is the business arm of state government and was established to increase efficiency and effectiveness by providing quality business and support services to the state and other public agencies. The Department provides these services through over twenty separate offices in two major program areas. Funding for the Department is primarily derived from charges to client agencies for services rendered.

Among the programs in which the Department is involved, additional emphasis is being placed on management of the state's assets and programs to achieve energy efficiency, both of which offer the opportunity to lower the costs of government. Specifically:

- Asset Management—The Administration is progressing with its Asset Management Program to ensure effective and efficient utilization of the state's real estate assets. Executive Order W-18-91 reaffirms the state's intent to achieve planned management of the state's diverse portfolio of real estate to ensure optimum use for the state's operations and maximum value from the excess. To carry out this objective, the Department developed a central computerized inventory of all state-owned properties. A review of over 700 state-owned properties in Sacramento, San Francisco, Los Angeles, and San Diego was completed to validate the inventory and to identify property that is underutilized or surplus to the state's needs. Beginning in the 1992–93 Budget, the Department proposes to transfer the Statewide Property Inventory (SPI) to the Teale Data Center and upgrade the system to provide users improved access and increased response time. Additionally, the Governor's Executive Order created an Asset Management Council to better integrate long-term planning between the various state agencies that conduct the majority of capital expansion and land use planning. The Council is expected to hold its first meeting in January 1992.
- Energy Projects in State Buildings—In 1991, the Department received an Innovations Award from the Council of State Governments for the Energy Efficiency Revenue Bond Program. The Department has issued over \$50 million in revenue bonds to finance "Green Lights", which consists of retrofitting existing state owned office buildings with more efficient lighting technologies, as well as other energy efficiency projects which will save the state in excess of \$50 million over the life of the projects in addition to repaying the investment.

The 1992–93 Governor’s Budget proposes \$547.7 million and 4,567 personnel years to support the departments programs. The following reflects the major adjustments for 1992–93.

- The Office of the State Architect is responsible for the cleanup of certain toxic substances on state-owned properties. In 1992–93, \$10 million and 15 personnel years are proposed to continue the current level of effort in asbestos abatement, PCB transformer replacements and underground storage tank cleanup and monitoring.
- The Office of the State Architect is also responsible for structural safety plan checking for proposed construction of public schools. Recent legislation requires the transfer of fire and life safety plan checks, previously performed by the Office of the State Fire Marshal, to the Office of the State Architect. The new statute also transfers hospital plan checking functions, formerly performed by the Office of the State Architect, to the Office of Statewide Health Planning and Development. This transfer includes 17 personnel years and \$2.9 million.
- The Office of Telecommunications is responsible for the reimbursement to local agencies for costs related to the Emergency 9-1-1 Telephone System implementation and maintenance. In 1992–93, a one-time augmentation of \$4.5 million is proposed to replace antiquated Public Safety Answering Point (PSAP) equipment.
- The Office of Buildings and Grounds is responsible for operations and maintenance of state-owned buildings. In 1992–93, an increase of 9 personnel years and \$0.8 million is proposed to provide services to the Franchise Tax Board Phase II facility, the new Oakland Caltrans State Office Building and a new state office building in Sacramento developed in conjunction with the Capital Area Development Authority.
- The Office of Administrative Hearings is proposing an increase of \$0.6 million in 1991–92 and 1992–93 to fund client agencies workload for administrative hearings.
- Pursuant to recent legislation authorizing an additional office building in Los Angeles to be developed in conjunction with local government through a joint powers agreement, the budget includes 3 personnel years and a \$242,000 augmentation for the Office of Project Development and Management to initiate the programming and siting activities necessary for the state’s participation.

For capital outlay in 1992–93, the Governor’s Budget includes:

- \$2.5 million for the upgrade of the Sacramento Central Plant which provides heating and cooling to the State Capitol and other major state buildings in the downtown Sacramento area.
- \$0.3 million for the planning phases of a new 500 space state parking garage in Sacramento. The fund-

ing source options for the construction phase of this project, scheduled for the 1993–94 fiscal year, are currently under study.

State Personnel Board

The five-member State Personnel Board is appointed by the Governor for 10-year terms. This constitutional body has the responsibility for oversight of the state’s merit civil service system. The functions of the Board are divided among four principal areas: ensuring the integrity of the state’s merit selection system; providing due process for state employees who have been disciplined; fostering a work environment free from discrimination and harassment; and ensuring that the state’s workforce is representative of California’s diverse population.

The Board provides these services through the Appeals Division, Affirmative Action and Merit Oversight Division, Policy Division, and Administrative Services Division. The Board and its staff are also responsible for establishing and administering, on a reimbursement basis, merit systems for city and county welfare and civil defense employees, to ensure compliance with federal requirements. In addition, the Board administers the Career Opportunities Development Program for disabled clients of the Department of Rehabilitation.

The 1992–93 Governor’s Budget proposes \$14.5 million and 188 personnel years to support the Board’s activities.

Due to the State’s fiscal crisis, various agencies have initiated layoff proceedings. The State Personnel Board, while downsizing their own operations, have a role in implementing servicewide layoff programs. These programs include certification and maintenance of the State Restrictions of Appointments (SROA) lists and reemployment lists. In addition, the Board implements the Process to Adjust Seniority-based Layoffs (PASL Program) which seeks to ensure that ethnic parity is not adversely affected by layoff in instances where evidence of past employment discrimination exists. These additional activities require a current year augmentation of \$195,000.

Public Employees’ Retirement System

The Public Employees’ Retirement System (PERS) began operations in 1932 with 13,200 state employees, and has grown to serve more than one million past and present public employees from both state and local government in California. PERS is responsible for administering all aspects of the retirement program for these members, including disability and death benefits and Social Security for state members. Total retirement benefit payments are projected to be approximately \$3 billion in 1992–93.

PERS also administers a comprehensive health benefits program for active and retired members through contracts with health maintenance organizations, group

hospitals and medical insurance plans. Health benefit expenditures for 1992–93 for state and local employees are estimated to be over \$1.4 billion.

Administrative responsibility is vested in a thirteen-member board: six members are elected by the PERS membership; four members serve ex officio (State Controller, State Treasurer, Director of Personnel Administration and one member of the State Personnel Board); and three members are appointed, two by the Governor and one by the Legislature. Pursuant to recently enacted legislation, the Governor is authorized, subject to confirmation by both houses of the Legislature, to contract with an enrolled actuary or firm, to make all actuarial valuations and determinations related to retirement funding matters.

The Governor's Budget for 1992–93 proposes \$56.6 million and 758 personnel years for administration of PERS.

Department of Veterans Affairs

The Department of Veterans Affairs (DVA) was established to provide services to deserving California veterans, their dependents, and eligible members of the California National Guard, with benefits and rights entitled under state and federal laws. The DVA's three primary objectives are to: 1) provide comprehensive assistance to veterans and dependents of veterans in obtaining benefits and rights to which they may be entitled under state and federal laws, 2) provide eligible California veterans the opportunity of becoming homeowners through the use of long-term low-interest loans available to them under the Cal-Vet farm and home loan program, and 3) provide support for the Veterans Home of California where eligible veterans may live in a full service retirement community and where complete nursing care and hospitalization are provided.

The Department's continued commitment to those who have served our country is reflected in three pieces of recently enacted legislation. The first expanded Cal-Vet Home Loan benefits to California veterans of Operation Desert Storm and Operation Desert Shield. The legislation provides low-cost and low-interest home loans for California veterans of our nation's most recent conflict. A second created a 12-member commission which will submit recommendations to the Governor on the provision of Southern California veterans home services. Finally, a third bill created an income tax check-off in 1992 for the California Veterans Memorial Fund. This legislation provides a source of income for the Commission to construct a lasting tribute to veterans of wars fought in the 19th and 20th century including the Korean War. The existing Veterans Memorial Commission has recently taken action to begin soliciting funds to build a memorial in Capitol Park.

The 1992–93 Governor's Budget proposes an expenditure level of \$72.8 million and 1,216 personnel years. Of

these amounts, \$46 million and 898 personnel years are dedicated to the provision of services at the Home.

The multi-year remodeling effort for the Home includes the following for 1992–93:

- \$5.9 million of state and federal funds to renovate two housing units and to study the kitchen/food service needs of the Home.

Other Governmental Agencies

Department of Food and Agriculture

California agriculture is known for its quality, variety and abundance. Over 250 commercial crop and livestock commodities are produced in the State along with over 50 percent of the nation's exports of fruits, nuts and vegetables. California has established itself as the nation's number one farm state accounting for over \$17.6 billion in gross farm revenues annually (see Figure 11-B). The Department of Food and Agriculture is responsible for protecting and promoting California agriculture, providing leadership in the development of agricultural policy, and enforcing weights and measures standards in commerce. The department's activities include prevention and eradication of harmful plant and animal pests and disease, marketing and export assistance to the agriculture industry, development and enforcement of weights and measures standards, and assistance to local fairs.

The 1992–93 Governor's Budget proposes a total expenditure of \$184 million and 1,644 personnel years. Budget adjustments for 1992–93 include:

- \$1 million from the Unitary Fund to provide funding for a matching funds program for export marketing

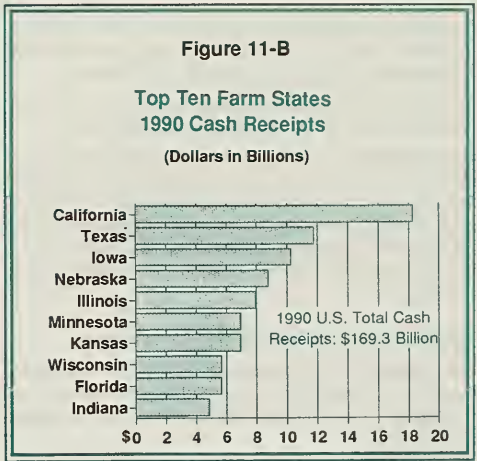


Table 11-1

**Agricultural Export Program
Percent Change in Export Sales from 1989 to 1990**

<i>Commodity</i>	<i>Total California Exports</i>	<i>Program Participants</i>
Almonds	- 16.2	7.6
Beef.....	9.0	20.7
Bovine Semen.....	37.9	50.5
Cabbage/Kohlrabi.....	-83.1	882.3
Cotton	-4.0	3.5
Garlic	65.1	176.7
Kiwifruit.....	-20.9	23.1
Melons.....	-16.1	35.6
Onions.....	33.1	43.7
Oranges.....	55.5	84.0
Peaches/Nectarines.....	-22.4	4.5
Raisins.....	-2.9	8.0
Vegetable Seeds	-20.6	-2.2

grants. This program increases and expands the scope of the state's agricultural exports. Exports of program participants have outpaced those of the California agricultural industry as a whole (see Table 11-1). The focus of this program in 1992-93 will be on providing grants to small and/or new export businesses.

- A transfer beginning in the 1991-92 fiscal year of the Pesticide Regulation program to the newly formed Department of Pesticide Regulation under the oversight of the California Environmental Protection Agency in accordance with the Governor's Reorganization Plan No. 1. This transfer reduces the department's budget by approximately \$41.7 million.
- \$574,000 for health and safety repair projects at various agricultural border stations in California.

Capital Outlay. Capital Outlay includes a total of \$16.9 million for construction of a new laboratory for the Plant Industry Division (\$14.9 million to be funded from Revenue Bonds) and completion of a renovation for the Sacramento Chemistry Laboratory (\$2 million to be funded from the Special Account for Capital Outlay (SAFCO)).

Department of Industrial Relations

The objective of the Department of Industrial Relations is to protect the workforce in California, improve working conditions, and advance opportunities for profitable employment.

The 1992-93 Governor's Budget proposes a total expenditure of \$169 million and 2,362 personnel years. The budget highlights for 1992-93 include:

- For the current and budget year, General Fund resources were maintained in the Division of Workers' Compensation budget to ensure that the division was adequately funded to continue the administration of the Workers' Compensation Reform Act of 1989, as envisioned in legislation enacted in 1990. The level of funding proposed for the 1992-93 fiscal year will allow the division to continue to open new offices and fill positions authorized to administer the state's workers' compensation reform program to better serve the employee/employer community.
- Legislation enacted in 1991 provided additional one-time funding to the Apprenticeship Standards Program of \$1.3 million, which was

over and above the \$2.2 million appropriated in the 1991 Budget Act. For 1992-93, the Governor's Budget proposes to continue a base funding level of \$2.2 million for the Apprenticeship Standards Program.

State Board of Equalization

The State Board of Equalization administers eighteen tax programs which serve to support both state and local government activities. The state's General Fund receives over 39 percent of its revenue from these sources, the major contributor being the Sales and Use Tax Program (over 35 percent).

The 1992-93 Governor's Budget proposes a total expenditure of \$239 million and 3,704 personnel years for the Board. Budget adjustments for 1992-93 include:

- \$8.9 million to consolidate the Board's Sacramento headquarters' operations, now located at ten different sites, at the new PERS-owned building being constructed at 5th and N streets.
- \$2.4 million to migrate the Board's central computing, network, and data storage services to the Teale Data Center. This migration and the simultaneous redesign of application systems to create a corporate database are major steps in implementing the VISTA (Vision for Technological Achievement) Project.
- \$4.0 million and 77 personnel years to administer the sales and use tax rate increases pursuant to legislation enacted in 1991.

- \$673,000 and 12 personnel years to administer the alcoholic beverage tax rate increase.
- \$972,000 and 22 personnel years to provide mandatory registration services to new taxpayers (Sales and Use Tax Accounts).
- \$9.9 million and 207 personnel years for the Sales and Use Tax program to increase taxpayer registration enforcement, swap meet enforcement activities, the collection of delinquent accounts receivable, and audit activity. This resource, coupled with activities to maintain the existing revenue base, is projected to generate approximately \$52.2 million in revenues in 1992–93.
- In order to preserve the revenue base, the Board of Equalization was not required to make any budget reductions in 1991–92 or 1992–93 which would adversely affect the generation of revenues.

Board of Control

The Board of Control is responsible for administering the state's Victims of Crime Program which indemnifies citizens who are injured and suffer financial hardship as a result of a crime, or who sustain damage or injury while performing acts which benefit the public. Costs in this program have grown dramatically, while the revenues have grown at a much slower pace. A lagging economy and statutory changes in Penalty Assessment revenues—which feed the Restitution Fund from which this program is financed—have exacerbated this problem.

It is proposed that the General Fund make up a revenue deficiency of \$11.7 million in the current year. The appropriation for this deficiency will be contained in proposed legislation that also would both reduce program costs and increase revenues to the Restitution Fund. This legislation is essential to sustaining a balance between revenues and expenditures in the program.

State and Local Fiscal Relationship

It's important that California's different levels of government work like gears in a machine—meshing together to drive the engines of progress.

Governor Pete Wilson
November 1991

As a result of the passage of Proposition 13 in 1978 and various economic adjustments since that time, many local governments have found it increasingly difficult to finance burgeoning service demands with limited resources. At the same time, there has been a growing trend of fiscal power being concentrated in Sacramento. An integral part of the Administration's 1991–92 budget plan involved taking a major step toward reversing that trend by realigning state and local fiscal responsibility for major social services programs. The successful adoption of that realignment by the Legislature resulted in counties having increased responsibility for mental health, public health, and public assistance programs while at the same time providing counties with major new revenue sources and increased administrative flexibility to manage those programs.

The 1992–93 budget continues the Administration's commitment to view the state and local fiscal relationship as a partnership. Despite sagging state revenues and increasing demands for service, the 1992–93 Governor's Budget was constructed with the intent of avoiding any unnecessary programmatic or fiscal changes that would adversely affect local governments. In particular, the Administration will continue to:

- pursue a change in the California constitution to allow local bond measures for educational and criminal justice facilities to be approved by a majority rather than a two-thirds vote of the electorate and
- veto legislation that would erode local finances and impede local decision-making by imposing unfunded state-mandated costs on local governments.

Local Bonded Indebtedness Voting Requirements

Currently, the ability of local governments to fund needed educational and criminal justice facilities is constitutionally constrained; i.e., general obligation bonds must be approved by two-thirds of the voters. Based on the inherent difficulty of securing this approval, infrastructure needs are often neglected even though a majority of voters in a given community might support and be willing to pay for the construction of new facilities. Many local governments are finding it difficult to provide the level of service desired by their constituents, partly because of the overly restrictive voting approval requirements. This difficulty has placed a greater burden on the state to finance local infrastructure, especially school and jail facilities.

The Administration believes that local governments should be provided with the means and flexibility to tailor local program service levels to a revenue base deemed appropriate by a majority of the voters. One step toward accomplishing this objective would be the elimination of barriers to the approval of bond measures for critical infrastructure needs. Accordingly, the Administration has proposed a change in the California Constitution which would authorize a majority of voters in a local jurisdiction to approve bonds for educational and criminal justice infrastructure purposes.

State-Mandated Programs

The original statutory requirement which directed the state to reimburse local governments for costs of any state-mandated program was established in 1972 (SB 90). That requirement was elevated to a constitutional requirement in 1979 and in 1984 the five-member Commission on State Mandates (COSM) was created to determine whether local entities are entitled to reimbursement by the state for costs which may have been incurred as a result of new state-mandated local programs. If reimbursement is not initially provided in the mandating legislation or executive regulation, the local entities are authorized to file claims with the COSM

alleging entitlement for reimbursement. The membership of the COSM, as prescribed by statute, includes the Treasurer, the Controller, the Director of Finance, the Director of the Office of Planning and Research, and a public member appointed by the Governor.

The 1992-93 Governor's Budget proposes to appropriate \$184.5 million to fund mandate programs. In addition, the Governor's Budget proposes to set aside \$127.3 million for costs which are anticipated to be funded in the next COSM claims bill. This brings the total budgeted level for mandate reimbursement to \$311.8 million compared to a total of \$3.5 million appropriated in fiscal year 1973-74, the first full year of reimbursement to local entities.

A new policy was established in the 1990 Budget Act changing several mandated programs to optional programs. This was done by eliminating the state funding formerly provided to reimburse local governments for specific mandates and relieving local governments from compliance with those mandates by adding specific language to that effect in the Government Code. In addition to eliminating many state-imposed require-

ments on local government, implementation of this policy reduced state costs in the current year by \$35 million. The Governor's Budget for 1992-93 proposes to expand upon that policy to achieve savings of over \$50 million, by making another nine mandates a local option. In addition, as part of its commitment to work with local governments and to prevent any unnecessary fiscal constraints, the Administration is pledging to continue to veto any legislation mandating a new requirement on local entities which does not contain a corresponding appropriation to cover the cost of the mandate.

Trial Court Funding Program

For 1992-93, the Governor's Budget proposes to maintain state funding for the trial courts at the same dollar level as in the current year. This is being done in part because revenues that were expected to accrue to the General Fund from trial court realignment are significantly below projected levels.

The Trial Court Funding Realignment and Efficiency Act of 1991 provides partial state funding of the trial courts, transfers a share of city and county non-parking fines to the state General Fund, provides an amnesty program for outstanding fines and penalties, authorizes tax and lottery intercepts for outstanding fines and penalties, increases the state penalty assessment by \$3 and establishes a variety of trial court reforms and efficiencies. The bill provides about 50 percent of the trial court costs for the 1991-92 fiscal year and contains intent language to provide state funding for 55 percent of the trial court costs for 1992-93, 60 percent of 1993-94, 65 percent for 1994-95 and 70 percent for fiscal years 1995-96 and fiscal years thereafter. The increase in block grants was intended to be offset by the revenues authorized in the bill.

As part of the Administration's proposal to balance the budget, total state funding for trial courts has been held at the 1991-92 dollar level in the budget year. Funding totalling \$748 million is proposed for Trial Court Funding Block Grants; Salaries of Superior Court, Municipal Court and Justice Court Judges; and Contributions to the Judges' Retirement System. This amount is \$143 million less than the amount required to fund the 55 percent of trial court costs contained in the intent language of the Trial Court Funding Realignment and Efficiency Act of 1991.

Table 12-1

Summary of Payments to Local Government for State Mandates

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Mandate Legislation</i>	<i>Budget Acts</i>	<i>Claims Bills</i>	<i>Totals</i>
1973-74	\$3,538	—	—	\$3,538
1974-75	2,655	\$14,943	—	17,598
1975-76	1,376	17,963	—	19,339
1976-77	20,226	18,356	\$523	39,105
1977-78	4,007	52,623	—	56,630
1978-79	21,443	54,434	1,203	77,080
1979-80	12,013	75,565	12,202	99,780
1980-81	9,947	105,377	7,572	122,896
1981-82	—	101,942	33,980	135,922
1982-83	610	92,886	24,183	117,679
1983-84	10,000	74,671	22,208	106,879
1984-85	4,937	76,070	1,366	82,373
1985-86	44,741	109,842	6,884	161,467
1986-87	75	144,525	5,928	150,528
1987-88	—	87,754	48,700	136,454
1988-89	500	114,248	26,051	140,799
1989-90	—	198,159	47,998	246,157
1990-91	—	194,841	11,445	206,286
1991-92	—	225,473	55,125	280,598
1992-93 *	—	184,507	127,295	311,802
TOTALS	\$136,068	\$1,944,179	\$432,663	\$2,512,910

*Estimated

Revenue collections related to the trial court funding legislation are estimated to be \$156 million less than anticipated in the current year and \$160 million less in the budget year. This shortfall is partially due to delayed implementation and the lagging economy. Exacerbating the problem, however, is the fact that many counties have been extremely slow in remitting revenue collected to the state.

Redevelopment Agencies

In the 1991–92 Governor’s Budget, the Administration proposed that the Special Supplemental Subvention for Redevelopment Agencies be phased out. Consistent with that proposal, the 1992–93 Governor’s Budget proposes reducing the subvention amount from \$9.6 million in the current year to \$5 million in the budget year.

There are approximately 364 redevelopment agencies (RDAs) in the state. These agencies have combined revenue from all sources in excess of \$2 billion. RDAs have many sources of revenue, including payments under the Special Supplemental Subvention program. This program provides subventions to RDAs for revenue lost as a result of the elimination of the former personal property tax subvention programs. Since RDAs have other substantial sources of revenue (primarily tax increment revenue and interest income) which are continuing to expand, the need for state subventions has diminished. Legislation in 1990 reduced the subvention by 25 percent for one year and established semiannual payment dates of December 31 and July 1. In lieu of the statutory subvention program, and representing a further reduction, the 1991 Budget Act appropriated \$9.6 million for RDAs which had either relied on the subvention program to support bond debt or else depended on Special Supplemental Subventions for ten percent or more of their revenues.

The 1992–93 Governor’s Budget includes \$5 million for the Special Supplemental Subvention program. This amount is to be allocated to RDAs which have pledged the subvention for payment of bond debt and which demonstrate that pledged tax revenues are insufficient to cover their annual debt service requirements. The \$5 million will be apportioned to eligible RDAs with the intent of minimizing RDA fiscal difficulties as the subvention program is eliminated completely.

Subventions for Open Space

The 1992–93 Governor’s Budget provides \$14.4 million for the Open Space Subvention Program. This is the same level of support provided for the program in the current year.

In 1965, the Legislature passed the California Land Conservation Act, known as the Williamson Act, to preserve open space and agricultural land. The Williamson Act permits local governments to enter into con-

tracts with landowners which restrict land use in exchange for reduced property tax assessments.

The state’s Open Space Subvention Program was enacted in 1972 to provide local governments with the means to adopt land use policies which are consistent with the provisions of the Williamson Act. State reimbursements are provided to local governments to assist them in financing the revenues lost because of the placement of land under open space contracts. Subvention amounts are based on the type and amount of urban prime, other prime and nonprime land under contract.

Tax Relief

The state provides substantial assistance to homeowners and renters through a variety of tax relief programs. Several of these programs are devoted to providing relief to senior citizens in the form of renters’ tax assistance, property tax assistance, and property tax deferral. However, the majority of tax relief program costs are aimed at reducing the property tax burden of homeowners in general and at providing a tax credit to all qualified renters. In 1991–92, the Renters’ Tax Relief program will provide approximately \$400 million in tax credits to California renters. The Homeowners’ Property Tax Relief program will provide local governments with approximately \$360 million to reduce homeowners’ property tax bills.

The Homeowners’ Property Tax Relief program is provided for in the state constitution. It exempts from property taxes the first \$7,000 of market value of a homeowner’s principal residence. Under the one percent property tax rate established by Proposition 13, this exemption equates to a reduction in the homeowner’s property tax bill of \$70 per year. Well over five million homeowners receive this tax reduction each year.

The Renters’ Tax Relief program, established in 1973, initially provided renters with credits ranging from \$25 to \$45, depending upon their adjusted gross income, with maximum relief at incomes of \$8,000 or more. Since that time, credit amounts and various eligibility criteria have been changed on at least six occasions. For example, 1976 legislation changed the relief amount to a uniform \$37 for all renters regardless of income. In 1990, legislation reduced the maximum credit for married couples, heads of household and surviving spouses from \$137 to \$120. In 1991, eligibility for the credit was limited to single renters with less than \$20,500 of income and married renters with less than \$41,000 of income.

As a part of the Administration’s plan to balance expenditures and revenues, the 1992–93 Governor’s Budget proposes to eliminate the Renter’s Tax Relief program. This proposal would be applicable to claims for the 1992 tax year and thereafter, and would result in significant General Fund savings (approximately \$376 million) at a time when financial resources are unable to keep pace with increasing demands.

Cigarette Tax Subventions

Legislation enacted in 1991 related to Trial Court Funding transferred all of the county share of the pre-Proposition 99 Cigarette Tax revenue to the General Fund. In addition, it transferred 47 percent of the city share of this revenue for a five year period.

The 1992-93 Governor's Budget proposes to shift the remaining pre-Proposition 99 city revenue to the General Fund. This shift, as well as the transfer of the 47 percent of the city revenue, would be on a permanent basis. This proposed transfer would increase General Fund resources by \$26 million in the budget year.

Enterprise Special Districts

The 1992-93 Budget proposes to shift the property tax from certain special districts which perform enterprise activities to school districts. These special districts are generally not property tax dependent and should be able to compensate for the loss in property taxes by increasing their operating income from other sources.

Specifically, it is proposed that special districts operating airports, electric utilities, harbor and port operations, waste disposal facilities and water utilities transfer that portion of their property tax attributable to their enterprise activities. Transit districts and hospital districts are not included in this proposal.

This proposal is estimated to result in the transfer to school districts of about \$347 million from about 1,500 special districts.

Growth Management Council

In the 1980s California experienced explosive growth. The state's population increased by another six million people—a 25 percent increase. This growth is a mixed blessing. It has many positive aspects. It creates jobs, fueling the economy. It gives California added political clout and newcomers to the state bring new ideas and new energy. However, it also creates enormous environmental pressures and problems of traffic congestion and of increased demand for transportation and other services.

Knowing that rapid growth will continue, it is imperative that the growth be managed in a way that will minimize its adverse consequences and enhance its positive features. Toward that end, the Governor appointed a Council on Growth Management to identify specific actions that the state can take to shape the future of growth rather than letting growth dictate the future. The Council is interdisciplinary and includes members of the Governor's Cabinet whose agencies are most involved in dealing with the effects of growth. The Council, which is chaired by the director of the Office of Planning and Research, will soon be making recommendations to the Governor on how state and local governments can work together to manage the effects of the state's increasing population.

California's Taxpayer Squeeze

Although we project that California will enjoy a growing economy during the remainder of this century and beyond, the changing relationship between the number of taxpayers and "tax receivers" is jeopardizing our ability to maintain funding levels for State programs.

Director of Finance
November 1991

Continuing rapid increases in population, primarily in the younger age groups, will cause severe budgetary pressures for state and local government throughout the 1990s. The competition for available funds will be fierce. While funding for all State programs will be in jeopardy, higher education, state prisons, and state operations will be particularly vulnerable to reductions in levels of funding because they do not have the constitutional and statutory protection of most education, health and welfare programs.

California has historically enjoyed an economy that was sufficiently robust to provide adequate funding for education, health, environmental and other public programs. Although we project that California will enjoy a growing economy during the remainder of this century and beyond, the changing relationship between the number of taxpayers and "tax receivers" is jeopardizing our ability to maintain funding levels for State programs. California's major tax receiver groups—students, welfare recipients, prisoners, and Medi-Cal eligibles—are growing more quickly than its taxpayer group (Figure 13-A). Much of this growth is based on increases in the number of school age children, resulting from immigration and a recent surge in the birth rate. The problem is compounded by a slowdown in the growth of the adult, working age population, reflecting low birth rates during the late 1960s and the 1970s, and a net domestic out-migration in the high earning 45 to 64 age group.

To the extent that these demographic trends continue, California faces continuing budgetary difficulties. No matter how strong its economic recovery, the State will not be able to fund existing programs at current levels within projected tax revenues. With rapidly increasing caseloads, this imbalance between taxpayers and tax receivers could result in a \$20 billion budget gap in the year 2000.

Although difficult decisions will be required, California can meet this demographic challenge. Stimulating economic job growth by improving the business climate is one key. Another is reducing the growth in government spending, while shifting the emphasis from treating problems to preventing them.

State in Transition

California is literally a "State in Transition." In the past, the combination of a strong economy and a diverse population has allowed California to provide services to those in need at one of the highest levels in the nation. Today, and during the next few years, a rapid increase in population—and the mix of that population growth—is contributing to a growing imbalance between the demand for public services and the availability of tax dollars to fund those services.

California's Economy. California's historically robust economy has allowed for adequate funding for education, health, the environment, highways and roads, and numerous other programs. Although California is currently feeling the impact of the international recession, the economy is expected to recover and the State should resume economic growth.

Competition for Tax Dollars. However, even assuming healthy economic growth, tax revenue will fall short of the amounts needed to fund current and mandated levels of service. Several important statutory, constitutional and judicial requirements affect state expenditures. A long list of Federal mandates account for nearly \$1.4 billion of this year's General Fund spending. Constitutional initiatives have, among other things,

directed the way in which state monies are spent (Proposition 98) and dedicated certain revenue sources to specific programs (Proposition 99). Several state programs include statutory cost of living adjustments (COLAs), some of which have been suspended by recent budget reform legislation. Court decisions have served in some cases to expand the scope of state spending programs.

Demographic Trends. In addition, rapid population increases are causing concurrent budgetary increases for California at the state and local levels. These increases are exacerbated by the specific composition of the population increases. As a result, there is and will continue to be fierce competition for tax dollars.

Underlying the impact of the continuing growth in population is a fundamental change in the relationship between the number of taxpayers and tax receivers in California. The number of "tax receivers"—many of whom are children, the elderly and those incarcerated in state prisons—is growing much more rapidly than the "taxpayer" group, which is typified by people of working age (18 to 64 years) (Figure 13-B).

California policy makers must face the challenge of the imbalance between a rapidly increasing tax receiver group and a slower growing taxpayer group. This section focuses on the demographic challenges affecting California and begins to identify policy issues that will confront decision makers well into the next century.

A Growing, Changing Population

California is currently experiencing a serious and widening mismatch between explosive growth of its younger population, who are the primary users of government services, and a slowdown in growth of its adult

working age population who pay for those services (Figure 13-B). The Administration estimates that nearly 60 percent of state tax dollars are spent on services for younger people, who represent the fastest growing segment of the state's population. These services include education, child care and health care. According to drivers' license records, the mismatch is compounded by an increase in domestic out-migration of Californians in the high earning 45 to 64 age group over the last two years. Additionally, in November 1991, the California Business Roundtable has reported that, "Twenty-three percent of business leaders have plans to relocate their operations to sites outside of California, and that another 24 percent plan to expand operations outside the state."

Based on the new census data, during the 1990s California's population is projected to grow by 6.3 million. Fifty-five percent is projected from natural growth (births/deaths), 44 percent from foreign immigration and one percent from domestic migration.

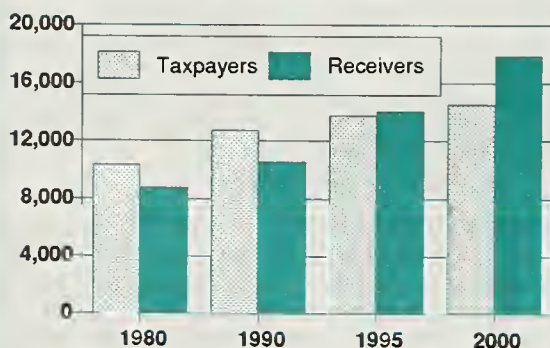
Population Shifts Shape Service Demands. Population shifts are a powerful force in the state's economy and a major element in shaping the demands for government services. For example, growth in the state's school age population—ages 5 to 17—obviously determines the growth in the number of children in Kindergarten through Grade 12.

During the 1980s, foreign born individuals accounted for about 75 percent of California's migrants. (During the 1990s that proportion will probably be even higher.) For the vast majority of these new residents, English is a second language. Lack of English language skills places extra demands on the school systems and also limits employment opportunities for adult immigrants.

Figure 13-A

Taxpayers and Tax Receivers

(In Thousands)



Note: Receivers include welfare recipients, school and higher education students, prisoners, and non-welfare Medi-Cal cases.

Figure 13-B

Population Growth by Age Group

(In Thousands)

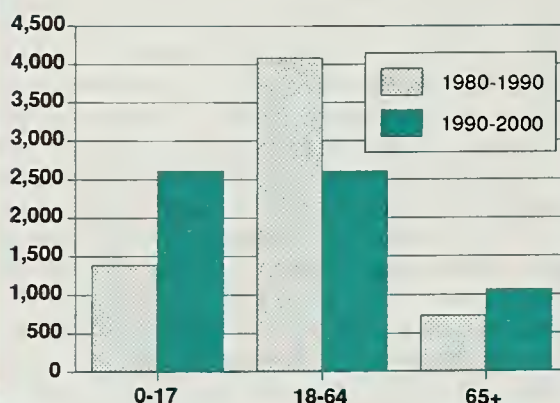


Table 13-1**Ratios of Taxpayers *
to Selected Receiver ** Populations**

<i>Taxpayers Per:</i>	<i>1980</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>
K-12 Student.....	2.62	2.63	2.29	2.02
Higher Education Student	5.68	6.43	6.48	6.05
AFDC Recipient	6.94	6.21	4.30	3.09
SSI Recipient	14.56	14.73	12.20	10.33
Medi-Cal Eligible	3.50	3.39	2.51	2.13
Adult & Youth Prison Population	355.93	120.38	99.75	82.94
Total Receivers ***	1.18	1.20	0.98	0.81

* Taxpayers are defined as the number of Single, Head of Household and other taxable individual tax returns, plus twice the number of joint taxable returns.

** Tax receivers are defined as the number of people who are the beneficiaries of the State's most costly programs.

*** Excludes public assistance Medi-Cal.

number of children enrolled in public Kindergarten through 12th grade increased 23 percent—faster than the school age population, but more slowly than the working age group.

Based on the 1990 census and current demographic trends, this situation will change dramatically in the 1990s. Lower birth rates from the late 1960s through the early 1980s are now being reflected in slower growth in the working age adult population, which is projected to grow only half as rapidly in the 1990s (13.7 percent) as in the 1980s (27.4 percent). By contrast, the school age population is set to explode. Between 1990 and the turn of the century, the 5- to 17-year-old group is projected to jump by 40 percent, and public K-12 enrollments could increase by as much as 48 percent—more than three times faster than the working age population.

In addition, Medi-Cal is affected by the state's rising foreign immigrant population. While immigrants and refugees accounted for only 1.3 percent of the Medi-Cal caseload in 1980, those groups accounted for over 4.5 percent of the program's beneficiaries in 1990. Based on current projections, the number of immigrants and refugees served by Medi-Cal will rise by nearly 700,000 by the turn of the century, then comprising nearly 13 percent of the Medi-Cal caseload.

Younger Tax Receivers/Older Taxpayers. Just as trends among the younger population are important to consider when determining the demands on the state budget, revenues are profoundly influenced by trends in the adult, working age population. Changes in the number of personal income tax returns closely parallel changes in this key working age population. The 1990s will bring a substantial slowdown in the growth of this key taxpaying age group, mainly reflecting low birth rates of the late 1960s and 1970s, but also recent evidence that older working age Californians are increasingly leaving the state.

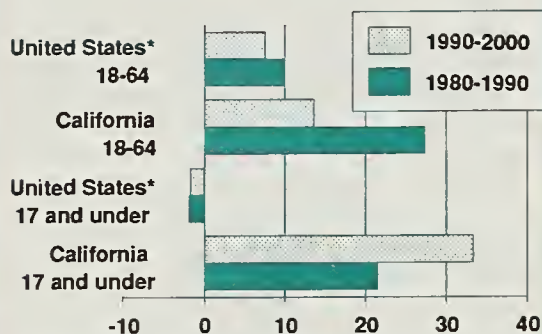
Until the late 1980s, demographic trends were generally favorable for financing government services. Much of California's 6.2 million population growth during that period was among the adult population, reflecting the aging of the baby boom generation born in the 20 years following World War II. The working age population (age 18 to 64) increased nearly twice as fast during the 1980s (more than 27 percent) as the school age population (age 5 to 17), which grew less than 15 percent. Reflecting these demographic trends, during the 1980s the

The accompanying table (Table 13-1) illustrates the changing relationship between the number of taxpayers—defined as the number of single taxable personal income tax returns, plus twice the number of joint filings—and the number of people who are the beneficiaries of the state's most costly programs. For example, in 1980 there were 2.62 taxpayers for each K-12 student in public schools, and that ratio remained virtually constant through 1990. However during the 1990s, public school enrollment is projected to grow much more rapidly than the number of taxpayers, with the result that by the year 2000, this ratio is expected to fall to 2.02. If projected trends materialize, the declining ratio between taxpayers and tax receivers will cause a budget shortfall of \$20 billion by the year 2000.

The Very Young. The surge in California's population of the very young began in the late 1980s. In fact, between 1980 and 1990 the population under 5 years of age grew by 40 percent, reflecting a sharp increase in births after 1985. This growth contributed to a 41.4 percent rise in the number of AFDC children during the decade. Medi-Cal is also influenced by this very young age group, and the public assistance eligibility group in Medi-Cal increased 38 percent in the 1980s. Both of these groups are projected to grow even faster in the 1990s, with AFDC caseloads up 130 percent and Medi-Cal public assistance forecast to gain 60 percent by the year 2000. In terms of the taxpayer/tax receiver ratio, in 1980 there were 6.9 taxpayers for each AFDC recipient. If these trends continue, by the year 2000 there will be only 3.1 taxpayers supporting each AFDC recipient—less than half as many as in 1990.

Figure 13-C
Population Growth by Age
California and United States*

(Percent Change)



* Excluding California data

The current recession has caused some increase in welfare caseloads, but the bulk of the increases are unrelated to the current recession. The economic recovery is likely to reduce AFDC caseload growth for two-parent families. There is no evidence, however, to suggest a similar trend for single-parent families, which constitute about 85 percent of AFDC caseload. Only 6 percent of single-parent families currently qualify because the parent becomes unemployed. Instead, the overwhelming majority qualify because of divorce or separation from the income-earning spouse, or because a non-working single woman gives birth to a child.

This is consistent with the experience of the 1982 recession, when caseload growth for single-parent families

did not respond to increased unemployment. Conversely, rapid increases in caseload began in 1988, and were well underway by 1989-90, when employment reached an all-time high. Nearly half of this caseload growth resulted from increased numbers of child-only cases, the majority of whom are families with citizen children of legalized or undocumented immigrants. These data indicate that rapid increases in AFDC caseload since 1988 are related to demographic change, not to economic conditions. These trends can be expected to continue throughout the 1990s.

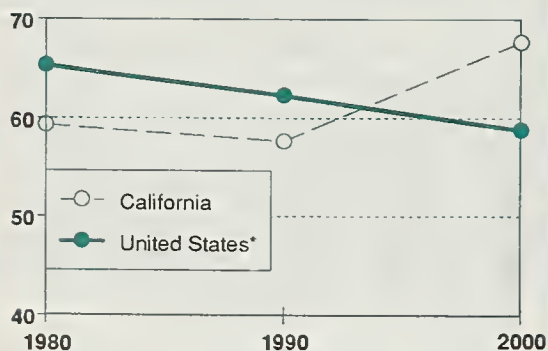
California and the Nation

Dependency Ratio. California's demographics are markedly different from those of most other states. In California, the proportion of the population age 17 and under will increase by the year 2000, while the percentage in the prime working age groups will decrease. In the other 49 states, there will be a small reduction in the proportion under 18 and the working age group (18 to 64) will increase slightly as a percent of the total (Figure 13-C).

Thus, California's dependency ratio—the ratio of the population under 18 and over 64 to the working age 18 to 64 group—is projected to rise ten points, from 58 to 68 between 1990 and 2000, after actually falling slightly during the 1980s. In other words, there will be relatively fewer working age Californians to support growing populations of youth and the elderly. In the other 49 states, this dependency ratio will decline from 62 to 60, meaning there will be slightly more people of working age supporting the dependent populations in most other states (Figure 13-D).

Narrowing Per Capita Income. One result of divergent demographic trends has been a narrowing of California per capita income relative to the United States average. In 1980, California per capita income was 117 percent of the U.S. average. By 1990, this gap had narrowed to 110.6 percent, and by the year 2000, Californians may earn only 6 percent more than the national average. For the most part, the relative decline in per capita income simply reflects the fact that the working age population will represent a declining share of the state's total population in the years ahead. This narrowing of California's per capita income advantage underscores the budget problems facing the state in the years ahead.

Figure 13-D
Dependency Ratio
California and United States*



* Excluding California data

Meeting the Demographic and Fiscal Challenges

Even with an economic rebound, California will continue to face difficult budget decisions throughout the decade ahead. These problems result not only from legal mandates, but equally important, from the demographic changes which are occurring in this state. If projected trends materialize over the next decade, there will be a marked decline in the ratio of taxpayers and tax receivers (Figure 13-A). Rapid gains in the state's youth

population—primary users of public services, including education, health and welfare—are coming at a time when growth in the prime working age population is slowing.

This divergence of demographic trends between California and most other states will make solutions all the more difficult. Because other states will not experience the same explosive growth in the demand for government services and payments as will California, the State will be at a competitive disadvantage if it raises taxes in order to meet these increased demands. Tax increases may well encourage some working age Californians to leave the state, thus further exacerbating the budget problem. Indeed, there is evidence that this may already be occurring.

What is clear is that the leadership of this state must address the changes that are occurring. California's General Fund expenditures are projected to be nearly \$95 billion annually by the year 2000. This growth from

the \$43 billion budget for 1991–92 will be the result of increasing educational, health and welfare needs and constitutional demands of this growing population. If revenues return to their historic growth rate of approximately seven percent a year and the demand for government services continues this explosive trend, there will be \$76 billion to fund these programs, resulting in approximately a \$20 billion gap.

California is undergoing a transition that will affect state and local government for the rest of this century. In particular, the deterioration of the ratio between taxpayers and tax receivers will cause continuing budgetary pressures. Although difficult decisions will be required, the state can meet this demographic challenge. Stimulating economic job growth by improving the business climate is one key. Another is reducing the growth in government spending, while shifting the emphasis from treating problems to preventing them.

Defining the State Bureaucracy

In light of the state's fiscal crisis, downsizing government and making it more efficient is both necessary and inevitable.

Governor Pete Wilson
December 1991

The State of California currently spends approximately \$13.5 billion annually from all fund sources to pay the salaries and benefits of nearly 274,000 employees, 128,000 of which are funded from the state's General Fund. Three out of four state employees whose jobs are paid for out of the General Fund work in higher education, the prisons, or in 24-hour care institutions, such as the Veterans Home. The remainder are employed across a wide array of functions and service delivery programs. The distribution of the General Fund workforce is displayed in Figure 14-A.

Those in higher education are part of a system which provides for the education of over 427,000 students attending the University of California, the California State University, the Hastings College of Law, or the California Maritime Academy.

State employees in the prison system provide 24-hour supervision for some 101,000 inmates. In addition, over 81,000 parolees are supervised by the state workforce.

Twenty-four hour care institutions provide care for a variety of clients in the state hospitals, the centers for the developmentally disabled, state special schools, and the Veterans Home.

Approximately 26,000 state employees work in the rest of state government and are paid from general tax revenues. Over half of this remaining state workforce is employed in one of three areas: resources, health and welfare administration, and taxation. State workers employed in these areas perform such functions as operating state parks and fighting forest fires; calculating, auditing and authorizing payment of health and welfare benefits; and accounting for tax revenue and pursuing tax evaders.

After taking into account these three additional areas of government operation, the remaining eight percent of the General Fund workforce is spread across some thirty-five Executive Branch departments and the Judicial and Legislative Branches of government. These employees provide a diverse range of services, from eradicating agricultural pests, to providing assistance to disaster victims, to operating the state's appellate and Supreme courts.

Downsizing the State Workforce

A frequent suggestion for dealing with the state's fiscal problems is to "cut the bureaucracy". Three approaches are typically considered for reductions: (a) across-the-board, (b) across-the-board with specified exemptions, and (c) targeted. The first approach usually makes reductions uniformly in proportion to the size of each departmental budget without regard for the priority of the function provided. As a result, higher priority functions are reduced by the same percentage as lower priority functions.

The second method is similar to the first, except that it exempts higher priority functions from the reductions with the consequence that the remaining entities bear a proportionately larger share of the total statewide reduction. When this method is used to achieve a specified statewide dollar level of savings, the greater the number of programs that are exempted, the larger the impact on the programs that are not protected. For instance, if the decision is made to exempt higher education, prisons, and the 24-hour institutions, then the entire dollar savings requirement must be borne by approximately one-quarter of the state workforce. In other words, whatever the relative size of the proposed reduction, a policy decision to exempt those three sectors would quadruple the impact on the remaining agencies.

The third approach to downsizing the state workforce is to target the reductions. That is, to specify the exact services to be eliminated. This allows consideration of the relative priority of state functions.

Targeted Reductions

Both types of across-the-board reductions have been imposed on state operations during the last seven years. These reductions have saved the General Fund several billion dollars over that period. In 1991–92 alone, over \$800 million was reduced from departmental operations budgets on a permanent basis. This amounted to significant reductions of up to 15 percent in many departments' General Fund allocations. Since roughly eighty percent of departments' budgets are for personnel expenditures, this reduction constituted a major limitation on the size of the state workforce.

Because the across-the-board approaches have already been used extensively, the 1992–93 Governor's Budget proposes to reduce the state workforce by an additional \$25 million using a *targeted* approach, with a specific plan to be developed and submitted to the Legislature this spring.

The Governor has requested all agency secretaries to review not only the departments and the functions they perform, but to include all boards and commissions which have been established in their subject domain to identify which should be retained and which should be abolished. Recommendations are due to the Governor by June 1, 1992. General Fund boards and commissions that will be examined for potential elimination or consolidation are listed below.

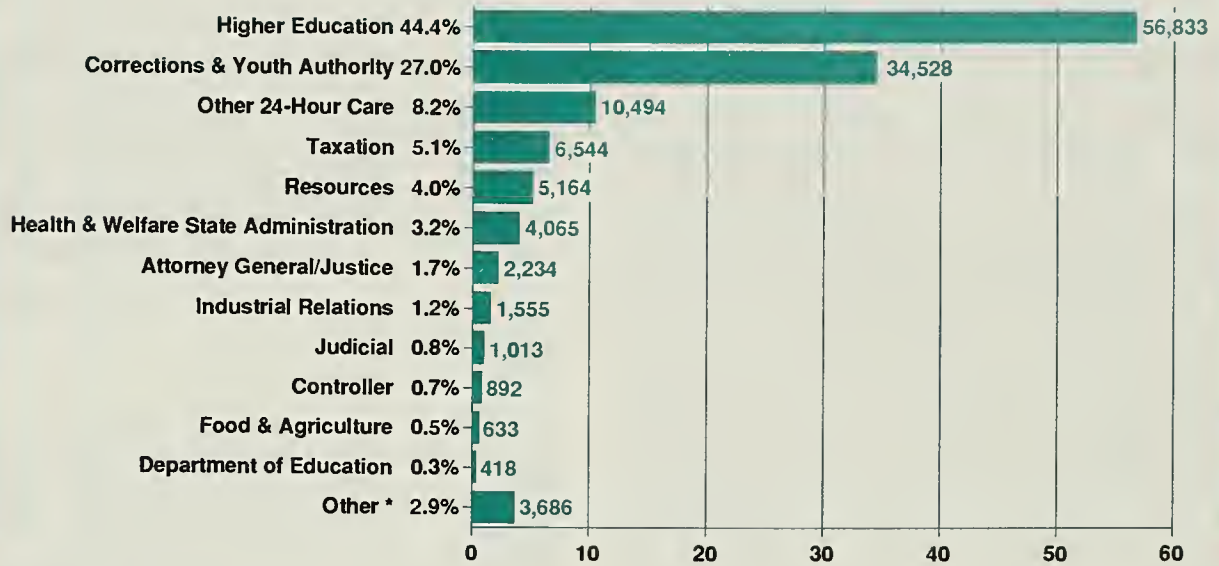
Commission on Aging
Agriculture Labor Relations Board
California Arts Council

Child Development Programs Advisory Committee
California Coastal Commission
State Coastal Conservancy
Colorado River Board of California
State Board of Control
Board of Corrections
Commission on Economic Development
Emergency Medical Services Authority
State Board of Equalization
Fair Employment and Housing Commission
Commission on State Finance
Franchise Tax Board
Horse Racing Board
State Lands Commission
California Law Revision Commission
Commission on State Mandates
California Medical Assistance Commission
Native American Heritage Commission
Commission on California State Government Organization and Economy
California Post Secondary Education Commission
Board of Prison Terms
Public Employment Relations Board
Santa Monica Mountains Conservancy
Seismic Safety Commission
Student Aid Commission
California Tahoe Conservancy
Commission on Uniform State Laws
State Water Resources Control Board
Commission on the Status of Women
California State World Trade Commission
Youthful Offenders Parole Board

Figure 14-A

General Fund State Employees

(Total = 128,059)



* Approximately 28 departments



Management of Government

Californians don't need more government. We need better government . . . Together, we can make government work. We can make it live up to its promise and do so in the least taxing way possible.

Governor Pete Wilson
September 1991

The Administration believes that the state can and must find improved ways to deliver services at reduced expense. The current environment of limited fiscal resources only highlights the importance of efficient management of state operations. The state already has attained a high degree of efficiency as illustrated by extensive use of information technology and a very low proportion of state workers compared to the population of the state. However, the need to further downsize state operations as reflected in the 1992–93 Governor's Budget provides the state with additional challenges and opportunities to ensure that California's tax dollars are being spent efficiently and wisely.

Employee Compensation

Presently, the State of California has nearly 274,000 employees who provide its citizens with education, health and safety services. The State currently spends approximately \$13.5 billion of the \$85 billion the State of California receives from General, special, bond and federal funds to pay the salaries and benefits of its employees.

Employee Compensation. In the current year, memoranda of understanding for all twenty-one civil service collective bargaining units have expired. To date, no agreement has been reached between represented employees and the Department of Personnel Administration (DPA) which represents the Governor in all employer-employee matters. Conversely, civil service managers and supervisors continue to contribute toward the resolution of the state's severe fiscal crisis by their participation in a five percent salary reduction program and increased employee contributions for

health and dental benefit premiums. DPA is continuing to seek the participation of represented employees in these cost containment activities.

In recognition of California's continuing fiscal imbalance, the proposed 1992–93 state civil service employee compensation program does not include funding for additional salary or benefit increases. In addition, DPA will continue to pursue other ways to improve the cost effectiveness of employee salary and benefit programs through the negotiation process. Together, management and labor must continue to develop an employee compensation program that is equitable, cost effective and contributes toward solving California's fiscal imbalance.

Health Benefits for Retired Annuitants. This program provides the state's contribution toward monthly health and dental insurance premiums for over 79,000 retired state employees. For the 1992–93 fiscal year, the state will expend approximately \$341.7 million General Fund to provide these post-retirement benefits. This represents over a 22 percent increase in costs over the 1991–92 fiscal year. The state's costs for retiree health benefits have grown rapidly over the past decade outpacing both the increase in the California medical inflation index and state payroll increases. During this time, retiree health costs have increased by an average of 20 percent annually as a result of premium increases and the continued growth in the retiree population.

Information Technology

The State of California at the beginning of the 1990s has a well-developed infrastructure for information management and a substantial installed base of information technology. State departments depend heavily on automated systems and communications networks for their day-to-day operations and for management decision-making.

California's commitment is to put information to work to:

- bring government closer to the people;
- enhance the value of government services;
- make government more responsive to changing public needs; and,
- reduce the cost of government.

Information Supporting Preventive Government.

Information will be an increasingly important strategic resource during the remainder of this century, as departments shift to a preventive stance and create improved channels for delivery of public services. The availability of accurate and timely information is at the heart of planned, structural change in departmental operations. New systems will employ advanced information technologies to make services more timely and convenient to the public.

As the state faces stringent fiscal and budgetary limitations, its past investment in information technology is paying additional dividends by helping departments continue to provide necessary levels of program services without having to undertake costly program expansions. Because they have used information technology to make themselves more efficient, many departments are able to manage growing workloads and accommodate new mandates more effectively.

City & State magazine, in its 5th Annual Financial Report on the States, lauded California for making the most efficient use of state workers, attributing the state's accomplishment to "sophisticated and precisely targeted computerization." The magazine went on to note that, "California's savvy public sector executives need far fewer employees to run the state—and Californians get more value for their tax dollar than any other state in the union."

Information Technology and Government Productivity. Computers and telecommunications—the two major subcategories of information technology—have changed the way government works. Large and small departments alike have shown success in the past decade in employing computers and telecommunications to increase the scope and quality of their services. Through automation, burdensome tasks can be reduced, professional skills amplified and service levels maintained. Information technology can provide a solution for departments being squeezed between growing demands for quality public services and declining budgets.

The benefits of information technology are substantial:

- Information technology provides timely access to needed information, allowing access to real-time online information that is tailored to specific user needs, helping staff to respond more quickly and more accurately with better services.
- Information technology enhances professional performance. Electronic tools not only replace much that is routine, but create new opportunities for professional accomplishment. Technology can enrich the efforts of staff members, integrating individual expertise within work groups by empowering members to work together through shared knowledge.

- Information technology provides better management control over program activities as it makes day-to-day work more efficient, and gives executives and managers increased control over the accomplishment of program objectives.
- Information technology reduces the cost of government. Computers have proven themselves over and over again by giving departments the means to provide better services at lower cost to the people of California.
- Finally, and most importantly, information technology can transform the very business of state government. State executives who are alert to opportunities for fundamental transformations in the way their departments respond to mission requirements will find that, in many cases, information technology is the tool of choice when making these transformations.

Infrastructure for Information Management. The technical facilities and institutional arrangements that support information storage and processing and channel the flow of information within and between organizations are fundamental to California's record of accomplishment in the application of computers and telecommunications to the business of government.

The basic components of the state's infrastructure for information management include:

- Multi-agency data centers. The state's general-purpose data centers constitute the most advanced technological and organizational information processing alternative available to state departments. Their value as a public resource, in terms of management, staff, hardware and software capabilities, is unique.
- Telecommunications. In Sacramento, a fibre optic network now links the State Capitol to 17 other major state buildings. This high-speed, digital network will both reduce costs and enhance communications within the Capitol area.

The state is exploring the potential of advanced telecommunications applications, such as telecommuting and teleconferencing, and also plans to provide multi-agency voice mail services within the next few months.
- Knowledge-work computing. The foundation of California's information management architecture is knowledge-work computing. Many of the recent developments in information technology have been geared toward bringing information processing closer to these workers. Personal computers, local area networks, all aspects of distributed processing, relational data bases, even wide area telecommunications networks—all have the basic purpose of bringing the power of modern information technology closer to individuals.

Cost-effective Applications. State departments have been alert to the opportunities for improved management presented by innovations in data processing and telecommunications. Among the innovative applications of information technology currently in operation or under development in the state are:

- **Expert Systems.** Expert systems serve as job performance aids, providing workers with advice about how to solve a particular problem. They can interact with users, offering a second opinion and helping to ensure that decisions take the full range of expert thought into account. The Department of Justice has developed a Forensic Serology Advisory System that incorporates the best expertise available in its criminalistics laboratories on the analysis of bloodstains, and the Health and Welfare Agency Data Center has established an Expert Systems Laboratory to support its client departments.
- **Relational Data Bases.** The Department of Motor Vehicles (DMV) has adopted relational data base technology as its approach to reorganizing its enormous driver licensing, vehicle registration, and occupational licensing files. The basic advantages of data base processing over traditional file processing include reduction of data redundancy, program and data independence, and enhanced data management. Redesign of its data bases will enable DMV to improve its services to California's motoring public and to effectively respond to new legislation, federal mandates, and Administration goals.
- **Geographic Information Systems.** A geographic information system presents information spatially in map format. Geographic information systems are being used by departments in the Resources Agency to map California farmlands and wildlife habitat, locate recycling centers, and manage wildlife populations; by the Department of General Services to locate state property; by the Department of Finance to display demographic and census data; by the Department of Transportation to route oversized and dangerous cargoes; and by the Department of Health Services to license toxic sites.
- **Computer-aided Design and Drafting.** Computer-aided design and drafting (CADD) is being used by the California Department of Transportation in planning, constructing and maintaining more than 15,000 miles of highways and freeways. A combination of graphics terminals and intelligent engineering workstations permits a continuous flow in the highway design process. This technology is also being used by the Department of Water Resources to maintain the state's aqueduct, by the Military Department to prepare engineering plans and drawings, and by the State Architect to plan new state facilities.

Future applications of information technology will enhance the importance of the state's data bases to departments and to the public. The increased ability to

access the information stored in these data bases will assist executives in charting a course that is responsive to changing public needs and their vision of the department's long-term mission.

Partnership with California Business. When it comes to electronics, California has the home field advantage. California firms employ more electronics workers than the next three states combined; over half of the computer chip companies that have been started worldwide in the past ten years have been started in California. California firms have fifty percent of the independent software revenue in the nation and nearly one third of the country's microcomputer producers and suppliers are California companies.

California private enterprise leads the nation in such diverse aspects of information technology as artificial intelligence, local area networks, computer-aided engineering, and optical disk storage and retrieval systems.

Under legislation, the State of California is establishing working partnerships with a number of California-based firms that are leaders in the development of advanced information technologies. The companies' expertise in technology will provide significantly enhanced computing solutions for state workers, strengthening the state's information management capabilities. In addition, the success of these strategic partnerships will further California's continuing technological leadership.

The state has established a working relationship with many private sector firms as a means of exploring ways of incorporating the results of these partnerships into workable solutions for government. In doing so, the state is encouraging development of more competitive American products while receiving benefits of the latest technological advancements. Growth in the high technology industry not only creates jobs and opportunities, but keeps California on the leading edge of development.

Transforming Government Through Information Technology. Information technology is employed by the State of California to maintain essential public records, support day-to-day operations, and provide the knowledge base for management decisionmaking. New technological developments act as catalysts for transforming departmental business practices. These strategic transformations streamline the provision of services to the public, aid departments in shifting programs from a remedial to a preventive orientation, improve the productivity of state workers, and increase the overall cost-effectiveness of state programs.

The Office of Information Technology has identified four elements that will be essential to effective information management during the 1990s:

- A strategy for information management that is directly linked to each department's overall management direction.

- A recognition that each department needs to establish an information technology infrastructure and a continuing commitment to enhance that infrastructure.
- A willingness to consider fundamental changes in departmental operations supported by information technology.
- An understanding that information technology should be viewed as a long-term investment.

Tying technology to a department's overall business strategy, building an infrastructure, and using technology as a catalyst for organizational innovation all require that information technology alternatives be realistically assessed in terms of potential return and potential risk. On this basis, information technology projects can compete for scarce state resources by demonstrating that proposed projects are sound investments.

Fiscal Integrity and Accountability

The State of California has well-established structures to ensure the financial integrity, the efficiency and the effectiveness of its programs and operations. Internal controls and audits are some of the most important tools available to management to meet such objectives. Specifically, these tools provide reasonable assurances that:

- waste and abuse of state resources do not occur;
- billions of dollars of state assets are safeguarded;
- accounting data is reliable;
- laws, regulations, and policies are met and funds are spent appropriately;
- programs and operations are efficiently and effectively managed.

Financial Integrity. In 1982, the state adopted the Financial Integrity and State Managers' Accountability Act (FISMA). The FISMA requires that agency heads establish and maintain a structure of internal controls, communicate the system requirements to employees; and assure that the system is functioning as described.

Internal control structures over programs and operations are primarily the responsibility of individual agencies. Internal auditors review the internal control structures over budgets, revenues, expenditures, fixed assets and reporting, to determine the degree of compliance with applicable policies and procedures. The results are reported to the Department of Finance, biennially. The internal auditors also review their organizations for efficiency and effectiveness and other management concerns. Currently, approximately 27 departments have such internal audit units.

Oversight. The Department of Finance has general statutory authority over the financial and business policies of the state. Moreover, the department provides oversight to departments with respect to organization planning and the development and application of controls over manpower and costs. The department may

conduct reviews it considers necessary to protect the state's rights. The oversight provides continued assurance that California's internal control structure is working as intended.

To meet these responsibilities, Finance conducts internal audit reviews, coordinates agency internal audit units and performs other financial audits as required. Programs and operations are also reviewed for efficiency and effectiveness, for compliance with requirements, and for budget issues.

- **Internal Control Reviews.** As part of its statutory responsibility, and as part of the state's control structure, Finance reviews internal controls of agencies that do not have internal review functions. The reviews include risk assessments in the general areas of budgets, revenues, expenditures, fixed assets and reporting.
- **Internal Audits Coordination.** Finance provides coordination through training, audit guidelines, technical assistance and quality assurance reviews. The quality assurance reviews are performed to determine the units' compliance with the Standards for the Professional Practice of Internal Auditing.
- **Other Audits.** To provide further assurance that the state's assets are safeguarded and requirements are met, other audits based on statutory requirements or upon request are also performed. For example, audits of state emergency funding to counties were performed to determine whether counties had appropriately spent state funds.
- **Program Evaluation.** Assessments are generally program related and may include efficiency, effectiveness or compliance with program requirements. The assessments also involve reviews of EDP system installations to determine whether agencies complied with the state's requirements in developing and implementing EDP systems. Finally, the assessments may also involve statutory requirements or budget language changes to protect the state assets, require more accountability or require more compliance with laws and regulations.

Capital Outlay Program

Measures to stimulate the economy will be introduced when the legislature returns in January. Specifically, authority will be requested to speed-up nine construction projects worth \$500 million. These projects include: two prison facilities, a chemistry laboratory for the Department of Food and Agriculture, six higher education projects at U.C. Davis (Social Science), U.C. San Diego (Engineering), U.C. Riverside (Engineering), C.S.U. Long Beach (Applied Arts and Science), C.S.U. San Bernardino (Health and Physical Education) and C.S.U. Northridge (Engineering). These projects, which have had prior legislative approval, could have funding avail-

able as early as January 1992. This would allow respective departments to advertise and award construction bids by April 1992.

Proposed 1992–93 expenditures for the Capital Outlay Program are \$757.4 million. The funding for this program is derived from a number of sources including: General Obligation (G.O.) Bonds (58.9 percent), Lease Revenue Bonds (25.6 percent), special funds (13.5 percent) and the remainder from other funds (2 percent).

This level of funding represents a considerable increase over the current year. The most significant change is in the level of General Obligation Bonds. In 1991–92, the use of General Obligation Bonds were limited due to the failure of many November 1990 Bond proposals. The 1992–93 Governor’s Budget proposes a variety of acquisition and construction programs to be financed from General Obligation Bond issues which will need voter approval during 1992. Almost \$6 billion will be proposed before the electorate in the June primary and the November general elections. It is expected that this amount will be needed for capital expenditures in the 1992–93 and 1993–94 fiscal years.

For the most part this program will continue to meet: critical fire/life safety issues; the growth needs of both the higher education program and the prison construction program and provide sufficient resources to meet continuing commitments in other departments and programs. Capital Outlay funding for 1992–93 is shown by agency in Table 15-1.

Highlights of the 1992–93 Capital Outlay program are as follows:

- \$36.8 million to renovate the state’s existing prison facilities which includes security and safety improvements and modifications to accommodate overcrowding (\$29.9 million) and to upgrade youth detention facilities to accommodate population increases (\$6.9 million).

- \$6.7 million in the Department of Forestry and Fire Protection for facility improvement and replacement of old and worn out fire stations, helitack and air attack bases, and other emergency response facilities for fire protection.
- \$41 million for acquisition and development of state park lands.
- \$15 million in the Department of Food and Agriculture to construct a new laboratory for Plant Industry Division. The new lab is needed to replace the current facility which has health and safety problems resulting from inadequate plumbing, storage, laboratory fume hoods and exhaust, and hazardous waste storage and disposal.
- \$2.4 million in the Department of Water Resources to protect levees on the Sacramento River and continuation of the federal flood control project.
- \$548.1 million for Higher Education to renovate and modernize existing facilities and construct new facilities to meet increases in enrollment growth. Included are seismic safety renovations and efforts aimed at meeting local air quality requirements.
- \$8.7 million is proposed for critical fire/life safety projects in the Departments of General Services and Veterans Affairs.

Bonds

Bond financing is a form of long-term borrowing under which the state raises money by issuing financial securities to investors, such as voter-approved General Obligation Bonds or legislatively-approved lease-revenue bonds.

General Obligation. General Obligation Bonds are used to finance a wide variety of projects benefiting the public, including schools, prisons, highways, rail transit, parks and water treatment facilities. (For specific information on bond expenditures see the various expenditure areas.)

Bond sales increased between 1983–84 and 1985–86 and then declined in 1986–87 and 1987–88. This decline was due primarily to the implementation of the Federal Tax Reform Act of 1986. Federal tax rules continue to impose limits on the sale of bonds in advance of the completion of projects. Subsequent amendments to the law, however, have extended the period in which bond proceeds must be expended. This has increased flexibility and enhanced bond sales. The state sold \$2.95 billion in bonds during 1990–91 and it is estimated that the state will sell \$3.36 billion in 1991–92 and \$2.97 billion in 1992–93.

Table 15-1
Capital Outlay Program
(Dollars in Thousands)

<i>Agency</i>	<i>1992–93</i>
State and Consumer Services	\$8,745
Business, Transportation and Housing	27,305
Resources	95,509
Health and Welfare	17,510
Youth and Adult Correctional	36,843
Higher Education	548,050
General Government	23,487
Total.....	\$757,449

Figure 15-A

**General Fund General Obligation Bond Sales
1983-84 through 1992-93**

(Dollars in Millions)

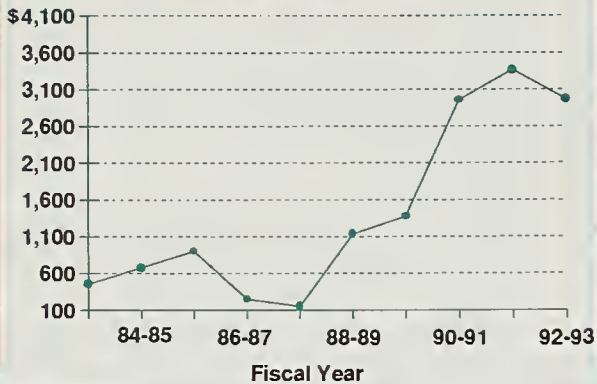


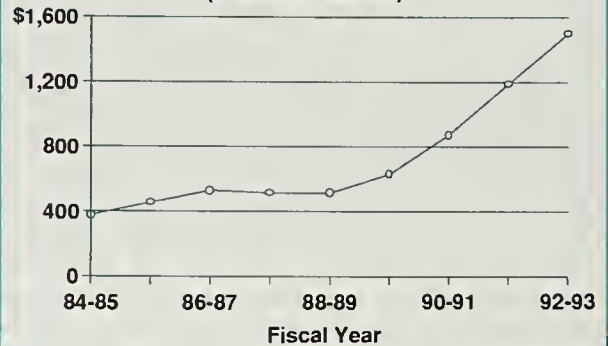
Figure 15-A displays the General Fund General Obligation Bond sales between fiscal years 1983-84 and 1992-93.

As of October 1991, the state had sold \$10.3 billion in state General Obligation Bonds. Figure 15-B provides a

Figure 15-C

**General Fund
Expenditures for General Obligation Bond
Debt Service**

(Dollars in Millions)



breakdown of these outstanding bonds by agency. As the figure shows, the Youth and Adult Correctional Agency accounts for 26 percent of the \$10.3 billion in outstanding bonds while K-12 Education accounts for almost 34.3 percent of the total outstanding. The remain-

ing outstanding bonds are represented by other state agencies, including resources, higher education, health and welfare, general government, and business, transportation and housing.

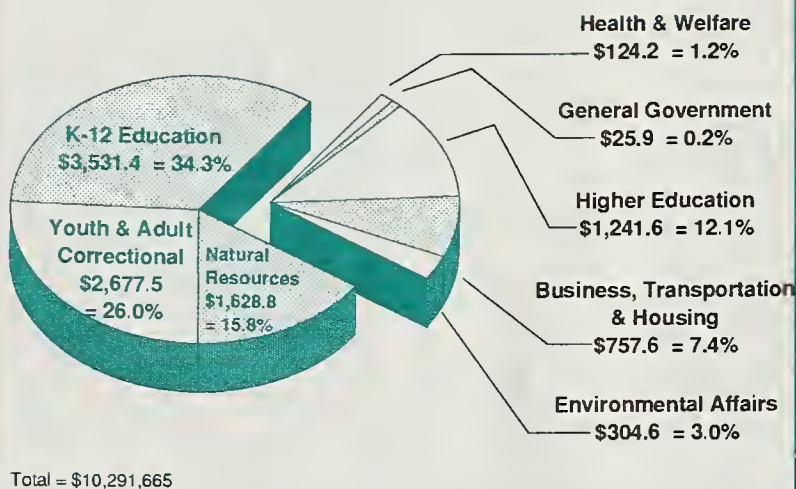
The 1992-93 proposed Governor's Budget includes \$1.5 billion in General Fund to pay the interest and redemption cost on outstanding General Obligation Bonds. Figure 15-C reflects the level of General Fund expenditures for General Obligation debt service between fiscal years 1984-85 and 1992-93.

On December 13, 1991, Standard and Poor's, a national credit rating agency, downgraded the State of California's General Obligation Bond rating from triple-A to double-A. The effect of the downgrade may be to increase the cost on any new debt issued by the State of California. With the increase in the number and size of recent General Obligation Bond measures, it is certain that the level of debt service will increase and a greater proportion of the state's General Fund will be needed in the future. Even though California currently maintains a modest bond funding level, it is critical that all

Figure 15-B

**Outstanding General Fund
General Obligation Bonds by Agency**

(Dollars in Millions)



efforts be made not to over-extend this funding source. The state currently spends 2.7 percent of all General Fund revenues for debt service costs.

1992 Proposed General Obligation Bond. The 1992–93 Governor’s Budget proposes a variety of acquisition and construction programs to be financed from General Obligation Bond issues which will need voter approval in 1992. Almost \$6 billion will be proposed before the electorate in the June and November general elections, which will include:

- \$1.6 billion is for K–12 schools to meet the demand for more classrooms.
- \$628 million is for the Heritage Lands program which includes the acquisition, redevelopment and rehabilitation of the state parks system, plus the acquisition of native forests and wildlife habitats.
- \$1 billion for the California Transportation Program. These funds are necessary to continue the intercity commuter and urban rail projects.
- The Administration will propose funding for corrections, county jails, resource protection, Cal-EPA, and housing.

Lease-Revenue. In recent years, the state has increased the use of Lease-Revenue notes or bonds to supplement the General Obligation Bond program. The lease purchase method of financing projects is used primarily for higher education facilities, state prison construction and for general purpose office buildings. The 1992–93 proposed Governor’s Budget assumes the continued use of Lease-Revenue bonds for construction projects to augment the General Obligation bond program and to fulfill high priority capacity related and vital infrastructure needs. As indicated earlier, 25.6 percent (\$194 million) is proposed to be funded from Lease-Revenue bonds. Also, in recognition of the currently favorable market conditions, existing debt requirements will be reviewed as a means of reducing outstanding debt service payments. By refinancing outstanding Lease-Revenue bonds, the state will realize \$190 million in savings on outstanding debt. Total debt service payments on outstanding Lease-Revenue bonds is reflected in Figure 15-D.

State Appropriations Limit

History. Proposition 4, enacted by California voters in November 1979, and later amended by Proposition 98 in November 1988 and Proposition 111 in 1990, permanently altered how state and local governmental entities, including special districts and school districts, may appropriate the proceeds of taxes. The basic premise of Proposition 4 was that there must be a limit on how much of the tax dollars received by these entities may be spent. As originally enacted, Proposition 4 (codified as

Article XIII B, California Constitution), provided that any tax receipts above this limit must be returned to the taxpayers.

To implement Proposition 4, all appropriation limits initially were based on the amount of tax dollars appropriated in the 1978–79 “base” year. This dollar amount was recognized as the representative amount of tax dollars required to support the size of government needed to provide essential programs and services to the citizens of California in that year. The Limit for subsequent years, then, was calculated by adjusting the “base” year for increases in population and cost-of-living in order to recognize increased demands for programs and services.

Proposition 98 fundamentally changed the way the limit functions for the state by requiring that any excess tax revenues up to a certain amount must be allocated to school districts and community colleges (K–14). Thus, while a spending limit remained for local governmental entities and as a control for non K–14 expenditures at the state level, the Limit’s control on expenditures was effectively removed for K–14 education programs. It remained necessary for the state to calculate its limit, however, in order to determine the correct levels of appropriations in the non K–14 budget areas.

Spending Limit Reforms. In June 1990, voters approved Proposition 111, the “Traffic Congestion Relief and Spending Limitation Act of 1990” which revised how appropriation limits are calculated.

Instead of using the lesser of either the U.S. Consumer Price Index or California per capita personal income to calculate the inflation adjustment, Proposition 111 requires the state and school districts to use only the change in California per capita personal income. Local

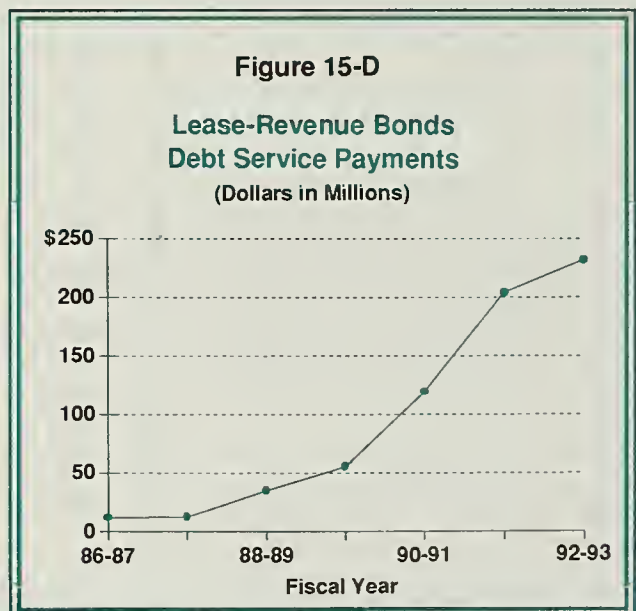


Table 15-2
State Appropriations Limit

(Dollars in Millions)

	1978-79*	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
State Appropriations Limit.....	\$12,564	\$25,201	\$27,064	\$29,318	\$32,203	\$34,233	\$35,015
Revenues Subject to Limit.....	—	—24,030	—26,753	—27,700	—25,078	—30,518	—32,465
Amount (Over)/Under Limit.....	—	\$1,171	\$311	\$1,618	\$7,125	\$3,715	\$2,550

* Base Year

governments, on the other hand, may use either this factor or an alternative growth factor which would take into consideration the change in the assessed valuation of local commercial construction.

Population factors also have been redefined for all entities. For the state, growth in the student population for grades K-12 (average daily attendance), one of the fastest growing segments of our total population, is included in the overall growth factor for adjusting the Limit.

Overall, Proposition 111 made positive changes in limits statewide by allowing limits, including education, to grow more consistently to meet essential demands for services due to the growth in our economy and population.

State appropriations take two basic forms: money appropriated for direct programmatic purposes, such as education funding or health services, or money appropriated for unspecified purposes to various reserve funds, the most important being the Special Fund for Economic Uncertainties in the General Fund.

Because the Limit applies to all governmental entities within California, funds transferred from one unit of government to another are subject to the Limit only once. Appropriations to local government without restrictions

on use are considered tax proceeds for the local entities and not the state, and are subject to the limit of the local entities.

Appropriations to reserves count against the Limit in the year in which the appropriations are made. Current year expenditures from appropriations or reserves made in prior fiscal years, therefore, do not count under the current year Limit since the appropriations were counted in the year in which initially appropriated.

Table 15-2 and Figure 15-E display the history of the State Appropriations Limit. Table 15-3 displays the calculations and major adjustments needed to calculate appropriations subject to the limit. In 1992-93, appropriations are \$2.6 billion below the level of the Limit.

Figure 15-E
State Appropriations Limit
(Limit vs. Revenue)
1987-88 through 1992-93

(Dollars in Billions)

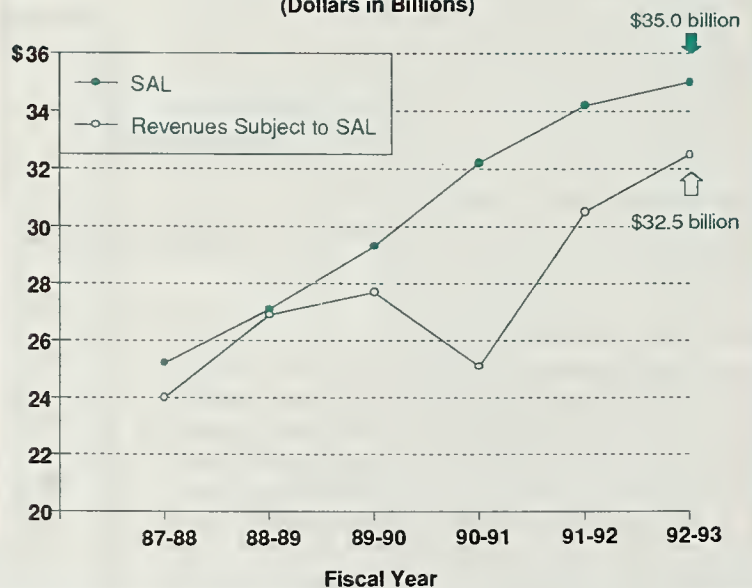


Table 15-3
State Appropriations Subject to Limit
(Dollars in Millions)

	1990-91			1991-92			1992-93		
	<i>General Fund</i>	<i>Special Funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Total</i>
Schedule 8									
Revenues and Transfers.....	\$38,214	\$8,810	\$47,024	\$43,633	\$11,283	\$54,916	\$45,673	\$12,371	\$58,044
Less/Add: Transfers..	-413	368	-45	-843	587	-256	-368	295	-73
Schedule 13-A									
Less: Excluded Revenue.....	-	-3,481	-3,481	-	-4,136	-4,136	-	-4,604	-4,604
Schedule 13-B									
Less: Non-Tax Revenue.....	-793	-874	-1,667	-708	-497	-1,205	-604	-545	-1,149
Schedule 13-C									
Add: SAL Transfers...	1	45	46	77	45	122	1	45	46
Total SAL Rev. & Trans.	\$37,009	\$4,868	\$41,877	\$42,159	\$7,282	\$49,441	\$44,702	\$7,562	\$52,264
Schedule 13-D									
Less: Exclusions	-14,497	-2,302	-16,799	-15,997	-2,926	-18,923	-16,773	-3,026	-19,799
Total SAL Appropriations.....			\$25,078			\$30,518			\$32,465
CALCULATION OF LIMIT ROOM:									
Appropriations Limit..			\$32,203			\$34,233			\$35,015
Less: Total SAL Appropriations.....			25,078			30,518			32,465
Appropriation Limit Room/ (Surplus) ...			\$7,125			\$3,715			\$2,550

Limit Calculation. The Limit is based on tax revenues appropriated in 1978-79 and adjusted annually for inflation using the change in the California per capita personal income. The Limit also is adjusted annually for the growth in civilian population, the number of students in grades K-14, shifts in financial responsibility between entities of government, and shifts in funding source for programs from tax proceeds to fees.

For 1992-93, the growth factor is estimated to be 2.3 percent. This is based on a decrease in the California per capita personal income of -0.95 percent, an increase in K-14 average daily attendance of 4.49 percent and an increase in the state's civilian population of 2.38 percent.

Appendix

Budgetary Process

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance also prepares updates on revenues and expenditures at interim points of the fiscal year. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued By	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments.	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service.	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor proposes budget for the upcoming fiscal year.	Governor/Department of Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document.)	Department of Finance/Legislature	January 10
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and reserve estimates based on the latest economic forecast.	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes.	Legislature/Governor	Late June
Supplemental Report of the Committee on Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies.	Legislative Analyst	Early July
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules.	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act.	Department of Finance	Late July
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation.	Department of Finance	November/December

Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget-related terms may be found in the State Administrative Manual and in the annual Budget Bill.

Administration Program:

An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of a department as indirect costs.

Allocation:

A distribution of funds, or an expenditure limit established for an organization unit.

Allotment:

A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

Appropriation:

An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Legislation can provide for continuing appropriations (which require no subsequent legislative action) and are also provided by the California Constitution.

Appropriations Limit:

As defined in Section 8 of Article XIII B of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited

to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another.

Augmentation:

An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a program, category, or project by transfer from any other program, category, or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

Authorized Positions:

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each department's budget presentation in the Governor's Budget. (See Proposed New Positions.)

Balance Available:

Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

Baseline Budget:

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes an adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

Budget, Program/Traditional:

A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.

Budget Bill/Act:

The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's proposal for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

Budget Change Proposal (BCP):

A proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

Budget Year (BY):

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

Capital Outlay:

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

Carryover Appropriations:

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

Category:

A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

Category Transfer:

A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule.

Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

Changes in Authorized Positions:

A schedule included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

Character of Expenditure:

A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

Codes, Uniform:

A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

Continuous Appropriation:

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by formula—such as school apportionments.

Control Sections, Budget Act:

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Sections 4.00 through 36.00 are general sections,

also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

**Cost-of-Living Adjustments
(COLAs). Statutory/Discretionary:**

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

Current Year (CY):

The fiscal year beginning July 1 and ending June 30. The time period we are in now.

Encumbrance:

A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

Expenditure:

Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

Federal Funds:

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State departments must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

Final Budget:

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.

Finance Letters:

Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submit-

ted January 10 to reflect a revised plan of expenditure for the Budget Year.

Fiscal Year (FY):

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "90" or "1990" means the 1990-91 fiscal year. By contrast, the federal 1990-91 fiscal year is often referenced as "91" or "1991," and lasts from October 1 through September 30.

Fund Balance:

Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Special Fund for Economic Uncertainties and Surplus.)

Fund Condition Statement:

A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

Funds:

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury.")

General Fund:

The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health

and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a listing of expenditures for the General Fund.

Item:

(See Appropriation.)

Governmental Cost Funds:

(See Special Funds.)

Limited-Term Positions:

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

Line Item:

(See Objects.)

Local Assistance:

Expenditures made for the support of local government activities.

Local Mandates:

(See State-Mandated Local Program.)

Merit Salary Adjustment:

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

Minor Capital Outlay:

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$250,000.

Objects (line items):

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

Past Year (PY):

The fiscal year just completed. (See Fiscal Year.)

Personnel Years:

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

Positions:

(See Authorized Positions.)

Programs:

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

Proposed New Positions:

A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

Reappropriation:

The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

Receipts:

Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

Reconciliation With Appropriations:

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

Reimbursements:

Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements rep-

resent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

Special Fund for Economic Uncertainties:

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties and a reserve in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriations Limit.)

Reserve:

An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations and appropriation for capital outlay projects.

Revenue:

The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

Reversion:

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

Salary Savings:

Salary savings reflects personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

Special Funds:

Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of special funds are the transportation funds, fish and

game funds and the professions and vocations funds. Revenues, expenditures and the condition of special funds are summarized in Schedules 8, 9 and 10.

Staff Benefits:

The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

State-Mandated Local Program:

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 8885 Commission on State Mandates.)

State Operations:

Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

Summary by Object:

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

Summary of Program Requirements:

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for the past, current and budget years.

Summary Schedules:

The Governor's Budget includes schedules which summarize state revenues, expenditures and other fiscal and personnel data for the past, current and budget years. (See Schedules 1-13.)

Tax Expenditures:

Subsidies provided through the taxation systems.

Transfers:

As reflected in fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

Description of Key Schedules

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

SCHEDULE 1. *General Budget Summary*—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

SCHEDULE 2. *Total State Spending Plan*—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

SCHEDULE 3A. *Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classifications*—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

SCHEDULE 3B. *Comparison of California's Current Fund Structure to Recommended GAAP Fund Classifications*—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

SCHEDULE 4A. *Personnel Years and Salary Cost Estimates*—Provides personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

SCHEDULE 4B. *Positions and Salary Cost Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown. This schedule reflects both gross data before salary savings and net totals salaries and wages.

SCHEDULE 5. *Summary of State Population, Employees, and Expenditures*—Provides historical data of State population, employees and expenditures.

SCHEDULE 6. *General Fund—Analysis of Change in Reserves*—Provides a comparison of the General Fund amounts presented in the previous Governor's Budget to the amounts presented in this Governor's Budget.

SCHEDULE 7. *General Fund: Statement of Financial Condition*—Provides the financial condition of the General Fund as of June 30 from the most recently available information from the State Controller.

SCHEDULE 8. *Comparative Statement of Revenues*—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

SCHEDULE 9. *Comparative Statement of Expenditures*—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, selected Bond funds and Federal funds for State Operations, Local Assistance and Capital Outlay.

SCHEDULE 9A. *Proposition 98 General Fund Guarantee*—Provides a listing of appropriations for Education programs for grades K–14 and other state agencies providing direct elementary and secondary level instructional services which are subject to Proposition 98 passed by the electorate in November of 1988.

SCHEDULE 10. *Summary of Fund Condition Statements*—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

SCHEDULE 11. *Statement of Cash and Securities*—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

SCHEDULE 12. *Statement of Bonded Debt*—Provides a listing of all general obligation bonds including maturity dates, authorized amount of bond issues, unsold issues, redemptions and outstanding issues.

SCHEDULE 13A. *Revenues to Excluded Funds*—Provides a listing of revenues to special funds that are not included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 13B. *Non-tax Revenues in Funds Subject to Limit*—Provides a total of non-tax revenues for General and Special funds deposited in funds that are included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 13C. *Transfers from Excluded Funds to Included Funds*—Provides a listing of transfers between funds that are included in calculating the appropriations subject to the Limit.

SCHEDULE 13D. *Expenditures Excluded from Limit by Agency*—Provides a distribution of actual gross appropriations that are excluded from appropriations subject to the limit.

Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals, and along with selected Bond Funds, are included in the overall expenditure totals. In 1981-82 the State of California began to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the budget totals.

General Fund. Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

Special Funds. Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement; and capital outlay.

General Fund Special Accounts. Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

Selected Bond Funds

Selected bond funds are General Obligation Bond funds which are non-self liquidating. Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the selected bond funds, the following page provides a complete listing of all selected bond funds.

Other Funds. See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds. Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds. Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds. Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds. Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds. Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

<i>Fund No.</i>	<i>Fund Name</i>	<i>Fund No.</i>	<i>Fund Name</i>
732	Beach, Park, Recreational and Historical Facilities Fund of 1964, State	714	Home Building and Rehabilitation Fund
733	Beach, Park, Recreational and Historical Facilities Fund of 1974, State	720	Lake Tahoe Acquisition Fund
743	Bond Proceeds Account, State School Building Lease-Purchase Fund	794	Library Construction and Renovation Fund, California
703	Clean Air and Transportation Improvement Fund	723	New Prison Construction Fund
740	Clean Water Bond Fund of 1984, State	781	New Prison Construction Revenue Fund
734	Clean Water Fund, State	762	Oil Spill Bond Expense Account, Oil Spill Prevention and Administration Fund
737	Clean Water and Water Conservation Fund, State	712	Park, Recreation and Wildlife Enhancement Acquisition, Development, Rehabilitation and Restoration Program of 1990
764	Clean Water and Water Reclamation Fund of 1988	721	Parkland Fund of 1980
730	Coastal Conservancy Fund of 1984, State	722	Parkland Fund of 1984
716	Community Parklands Fund	756	Passenger Rail Bond Fund of 1990
736	Construction Program Fund, State	751	Prison Construction Bond Fund of 1990
711	County Correctional Facility Capital Expenditure Fund of 1986	724	Prison Construction Fund of 1984
796	County Correctional Facility Capital Expenditure and Youth Facility Bond Fund of 1988	746	Prison Construction Fund of 1986
725	County Jail Capital Expenditure Fund, Bond Act of 1981	747	Prison Construction Fund of 1988
727	County Jail Capital Expenditure Fund, Bond Act of 1984	760	Prison Construction Fund, November 1990
788	Earthquake Safety and Housing Rehabilitation Bond Account, Housing Rehabilitation Loan Fund, California	766	Prison Construction Fund of 1992
768	Earthquake Safety and Public Building Rehabilitation Fund of 1990	728	Recreation and Fish and Wildlife Enhancement Fund
772	Emergency Correctional Facility Bond Act	749	Refunding Escrow Fund
748	Fish and Wildlife Habitat Enhancement Fund	700	Resources Bond Act of 1990
755	Flood Control Bond Fund	707	Safe Drinking Water Fund, California
701	Flood Control Bond Act of 1992	793	Safe Drinking Water Fund of 1988, California
754	Forestry and Wildlife Fire Protection Bond Fund	789	School Facilities June 1988 Bond Account, State School Building Lease-Purchase Fund
710	Hazardous Substance Cleanup Fund	776	School Facilities November 1988 Bond Account, State School Building Lease-Purchase Fund
718	Health Science Facilities Construction Program Fund	774	School Facilities June 1990 Bond Account, State School Building Lease-Purchase Fund
782	Higher Education Capital Outlay Bond Fund	708	School Facilities November 1990 Bond Account, State School Building Lease-Purchase Fund
785	Higher Education Capital Outlay Bond Fund of 1988	719	School Finance Authority Fund, California
791	Higher Education Capital Outlay Bond Fund, June 1990	729	Senior Center Bond Act Fund
792	Higher Education Capital Outlay Bond Fund, November 1990	715	SSC Development Fund
705	Higher Education Capital Outlay Bond Fund of 1992	742	Urban and Coastal Park Fund, State
		790	Water Conservation Fund of 1988
		744	Water Conservation and Water Quality Bond Fund of 1986
		786	Wildlife, Coastal and Park Land Conservation Fund of 1988, California
		787	Wildlife and Natural Areas Conservation Fund (subfund of 786)

Schedule 1
GENERAL BUDGET SUMMARY ^a
(In thousands)

<i>1990-91 ^b</i>	<i>Reference to Schedule</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Budget Expenditure Totals</i>	<i>Selected Bond Fund Expenditures</i>	<i>Expenditure Totals Including Bonds</i>
Prior year resources available.....	10	\$791,146 ^h	\$1,290,338			
Revenues and transfers.....	8	38,213,522	8,810,338			
Expenditures.....	9	40,263,580 ^h	8,562,703	\$48,826,283	\$2,619,242	\$51,445,525
Fund Balance ^e	7	—\$1,258,912	\$1,537,973			
<i>Reserve for Proposition 98 (Unspent Appropriations) ^c</i>		49,397	—			
<i>Special Fund for Economic Uncertainties ^c</i>		—1,715,220	—			
<i>Reserves for Economic Uncertainties ^c</i>		—	1,537,973			
<i>Reserve for Liquidation of Encumbrances ^f</i>		406,911	—			
<i>1991-92</i>						
Prior year resources available.....	7	—\$1,258,912	\$1,537,973			
Revenues and transfers.....	8	43,633,283	11,282,570			
Expenditures.....	9	43,718,213	11,657,493	\$55,375,706	\$2,328,922	\$57,704,628
Fund Balance ^g	10	—\$1,343,842	\$1,163,050			
<i>Reserve for Proposition 98 (Unspent Prior Year Appropriations) ^c</i>		30,593	—			
<i>Special Fund for Economic Uncertainties ^c</i>		—1,781,346	—			
<i>Reserves for Economic Uncertainties ^c</i>		—	1,163,050			
<i>Reserve for Liquidation of Encumbrances ^f</i>		406,911	—			
<i>1992-93</i>						
Prior year resources available.....	10	—\$1,343,842	\$1,163,050			
Revenues and transfers.....	8	45,673,065	12,370,780			
Expenditures.....	9	43,816,962	12,464,069	\$56,281,031	\$3,922,933	\$60,203,964
Fund Balance ^g	10	\$512,261	\$1,069,761			
<i>Reserve for Education (K-14) ^d</i>		(210,000)	—			
<i>Special Fund for Economic Uncertainties ^c</i>		105,350	—			
<i>Reserves for Economic Uncertainties ^c</i>		—	1,069,761			
<i>Reserve for Liquidation of Encumbrances ^f</i>		406,911	—			

^a The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.

^b Due to lack of time for complete reconciliation to the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1990-91 fiscal year do not agree with the data which will be included in the State Controller's Annual Report. See Schedule 7 which follows for a reconciliation of the Fund Balance as of June 30, 1991 between the State Controller's Preliminary Annual Report and the amount reported in this Schedule.

^c The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties provide sources of funds to meet State General Fund and Special Funds obligations in the event of a decline in revenues or an unanticipated increase in expenditures.

^d The Reserve for Education (K-14) represents a contingency amount included in expenditures to meet the State's obligation to conform to Article XVI, Section 8 of the State Constitution (Proposition 98) passed by the electorate in November 1988.

^e The Reserve for Proposition 98 represents the amounts which were not spent from appropriations available to meet the State's obligation to conform to Proposition 98.

^f The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received. This Reserve treatment is consistent with accounting methodology recommended by Generally Accepted Accounting Principles (GAAP) and Chapter 1286, Statutes of 1984 (AB 3372) which requires the State to conform its fiscal management system to GAAP.

^g The Fund Balance for the General Fund includes amounts for unencumbered balances of continuing appropriations at the end of the 1990-91, 1991-92 and 1992-93 fiscal years of \$64,615, \$52,289 and \$5,000 (in thousands) respectively.

Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

<i>Funds</i>	<i>1990-91*</i>	<i>1991-92*</i>	<i>1992-93*</i>
Governmental Cost Funds:			
General Fund.....	\$40,263,581	\$43,718,213	\$43,816,962
Special Funds.....	8,562,695	11,657,493	12,464,069
Totals, Governmental Cost Funds.....	\$48,826,276	\$55,375,706	\$56,281,031
Selected Bond Funds.....	2,619,242	2,328,922	3,922,933
Totals, Governmental Cost Funds and Selected Bond Funds.....	\$51,445,518	\$57,704,628	\$60,203,964
Federal Funds.....	21,483,855	26,915,450	25,153,820
TOTALS.....	\$72,929,373	\$84,620,078	\$85,357,784

Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.

BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

<i>Funds</i>	<i>1990-91*</i> <i>Amount</i>	<i>1991-92*</i> <i>Amount</i>	<i>1992-93*</i> <i>Amount</i>
PUBLIC SERVICE ENTERPRISE FUNDS:			
Water Resources Development Bond Fund	\$277,552	\$269,892	\$284,051
Central Valley Water Project Const Fund	166,043	175,575	184,085
Central Valley Water Project Revenue Fund	200,472	316,114	328,932
Compensation Insurance Fund.....	2,058,122	2,220,001	2,400,000
Harbors and Watercraft Revolving Fund	42,642	45,907	50,186
Univ Continuing Education Revenue Ed, St	60,221	54,229	62,339
Unemployment Compensation Disability Fund.....	2,177,982	2,496,737	2,647,903
Veterans Farm & Home Building Fund 1943	1,080,606	951,747	958,683
Others.....	277,325	297,177	206,287
* TOTALS, PUBLIC SERVICE ENTERPRISE FUNDS	\$6,340,965	\$6,827,379	\$7,122,466
WORKING CAPITAL AND REVOLVING FUNDS:			
Architecture Revolving Fund.....	19,384	23,230	26,715
Health and Welfare Agency Data Cent Rev Fund.....	53,231	73,344	71,027
Service Revolving Fund	348,700	394,120	393,910
Stephen P. Teale Data Center Rev Fund.....	83,822	80,644	78,473
Others.....	404,926	838,222	614,438
* TOTALS, WORKING CAPITAL AND REVOLVING FUNDS.....	\$910,063	\$1,409,560	\$1,184,563
BOND FUNDS—OTHER:			
School Building Aid Fund, State	66,927	59,840	59,952
Others.....	64	0	0
* TOTALS, BOND FUNDS—OTHER.....	\$66,991	\$59,840	\$59,952
RETIREMENT FUNDS:			
Judges' Retirement Fund.....	53,961	63,525	74,522
Legislators' Retirement Fund	4,619	4,881	4,971
Public Employees' Retirement Fund	2,537,803	2,664,988	2,973,842
Teachers' Retirement Fund.....	1,810,577	2,020,275	2,164,356
Others.....	55	100	224
* TOTALS, RETIREMENT FUNDS	\$4,407,015	\$4,753,769	\$5,217,915
OTHER NONGOVERNMENTAL COST FUNDS:			
Transportation Revolving Account, STF.....	1	0	0
University Funds—Unclassified.....	3,061,903	3,353,201	3,580,244
Others.....	8,657,999	9,632,326	10,342,882
* TOTAL OTHER NONGOVERNMENTAL COST FUNDS	\$11,719,903	\$12,985,527	\$13,923,126
TOTAL.....	\$23,444,937	\$26,036,075	\$27,508,022

* Dollars in thousands

IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Implementation of Chapter 1286, Statutes of 1984, requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers are consistent from year to year, as well as comparable between governmental entities.

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities. The State of California currently is a dues-paying member of the GASB organization and provides input for the various issues being studied by GASB.

An effort is currently underway within the Department of Finance to ensure that the budget and financial statements of the state are more understandable and are presented in a fair and consistent manner through the application of Generally Accepted Accounting Principles.

The Department of Finance has taken the following actions to implement GAAP:

1. A work group was established to review the changes required by GAAP and to establish priorities and task assignments.
2. In 1986-87, the Governor's Budget and Budget Act changed the classification of student fees in the California State University System to revenue rather than reimbursements.
3. In 1986-87, the Governor's Budget and Budget Act changed the classification of State Hospital Medical Care receipts to reimbursements rather than revenue.
4. In 1987-88, the Governor's Budget displayed the interest and redemption costs of general obligation bonds in the relevant program area for each bond.
5. The Financial and Performance Audits Unit (FPA) of the Department of Finance has done work on rewriting the sections of the State Administrative Manual covering proprietary funds to bring them into conformance with GAAP.
6. The "Fund Manual" for California has been rewritten to bring it into conformance with GAAP.
7. The 1989-90 Governor's Budget provided for the treatment of General Fund encumbrances as a reservation of fund balance rather than expenditures. This treatment is consistent with the GAAP standard that encumbrances are obligations for which goods and services have not been received and which therefor should not be shown as expenditures.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 1992-93 budget totals to show California's current fund structure compared to recommended GAAP classifications.

SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION (In Thousands)

<i>GAAP Fund Structure</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Governmental Funds			
General Fund.....	\$40,263,581	\$43,718,213	\$43,816,962
Special Revenue Funds.....	19,498,632	26,601,483	26,334,206
Capital Project Funds.....	2,289,587	1,430,279	2,665,009
Total Governmental Funds.....	\$62,051,800	\$71,749,975	\$72,816,177
Proprietary Funds			
Enterprise Funds.....	\$4,511,866	\$5,082,451	\$5,066,451
Internal Service Funds.....	500,564	568,385	563,803
Total Proprietary Funds.....	\$5,012,430	\$5,650,836	\$5,630,254
Fiduciary Funds			
Retirement Funds.....	\$4,406,962	\$4,753,668	\$5,217,690
Trust and Agency Funds—Other.....	7,186,122	9,142,867	9,513,354
Trust and Agency Funds—Federal.....	3,896,934	4,968,430	3,858,846
Total Fiduciary Funds.....	\$15,490,018	\$18,864,965	\$18,589,890
Funds Outside State Treasury			
Other.....	\$13,820,065	\$14,390,375	\$15,829,485
TOTAL SPENDING, ALL FUNDS.....	\$96,374,313	\$110,656,151	\$112,865,806

SCHEDULE 3B
COMPARISON OF CALIFORNIA CURRENT
FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE
USING 1992-93 BUDGET TOTALS
(In Thousands)

FUND STRUCTURE BASED ON GAAP CLASSIFICATIONS

	Governmental Funds				Proprietary Funds		Fiduciary Funds		Funds Outside State Treasury	Totals
	General Fund	Special Revenue Funds	Capital Projects Funds	Total Governmental Funds	Enterprise Funds	Internal Service Funds	Retirement Funds	Trust and Agency Funds		
CURRENT FUND STRUCTURE										
Governmental Cost Funds										
General Fund	\$43,816,962	0	0	\$43,816,962	0	0	0	0	0	\$43,816,962
General Fund Special Accounts	0	\$1,937,214	0	1,937,214	\$49,997	\$16,114	0	\$37,912	0	2,041,237
Transportation Funds	0	3,451,764	0	3,451,764	0	0	0	3,306,631	0	6,758,395
Feeder Funds	0	0	0	0	0	0	0	10,479	0	10,479
Other Governmental Cost Funds	0	3,624,026	\$1,416	3,625,442	0	0	0	28,516	0	3,653,958
Total Governmental Cost Funds	\$43,816,962	\$9,013,004	\$1,416	\$52,831,382	\$49,997	\$16,114	0	\$3,383,538	0	\$56,281,031
Selected Bond Funds	0	0	2,623,674	2,623,674	0	0	0	1,299,259	0	3,922,933
Total Governmental Cost Funds and Selected Bond Funds	\$43,816,962	\$9,013,004	\$2,625,090	\$55,455,056	\$49,997	\$16,114	0	\$4,682,797	0	\$60,203,964
Nongovernmental Cost Funds										
Public Service Enterprise Funds	0	0	\$4,144	\$4,144	\$4,374,693	0	0	\$2,743,629	0	\$7,122,466
Working Capital and Revolving Funds	0	\$12,927	26,803	39,730	605,034	\$547,689	0	—7,889	0	1,184,563
Bond Funds—Other	0	0	0	0	0	0	0	59,952	0	59,952
Trust and Agency Funds:										
Retirement Funds	0	0	0	0	0	0	\$5,217,690	224	0	5,217,915
Trust and Agency Funds—Federal	0	17,300,236	0	17,300,236	0	0	0	3,858,846	\$3,994,738	25,153,820
Trust and Agency Funds—Other	0	8,039	8,972	17,011	36,727	0	0	2,034,641	0	2,088,379
Other Nongovernmental Cost Funds	0	0	0	0	0	0	0	0	11,834,747	11,834,747
Total Nongovernmental Cost Funds	0	\$17,321,202	\$39,919	\$17,361,121	\$5,016,454	\$547,689	\$5,217,690	\$8,689,403	\$15,829,485	\$52,661,842
TOTAL SPENDING, ALL FUNDS	\$43,816,962	\$26,334,206	\$2,665,009	\$72,816,177	\$5,066,451	\$563,803	\$5,217,690	\$13,372,200	\$15,829,485	\$112,865,806

SCHEDULE 4A
PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Legislative/Judicial/Executive						
Legislative.....	523.8	592.5	578.5	\$24,759	\$28,732	\$29,031
Judicial.....	995.3	970.8	1,014.4	59,373	58,057	61,643
Executive.....	9,551.6	10,168.9	10,385.5	372,111	400,110	411,824
State and Consumer Services.....	13,709.4	14,244.7	14,506.1	461,774	486,111	497,276
Business, Transportation and						
Housing.....	38,356.6	41,057.6	41,647.3	1,493,071	1,592,036	1,628,998
Resources.....	13,775.7	14,072.1	13,807.9	536,732	551,666	547,213
Environmental Protection Agency.....	2,913.0	3,815.3	3,910.9	122,160	156,164	163,312
Health and Welfare.....	38,938.0	42,998.8	42,247.7	1,384,035	1,490,747	1,491,222
Youth and Adult Correctional						
Agency.....	31,528.1	34,395.0	36,144.3	1,392,453	1,486,893	1,569,662
Education						
Education.....	2,573.6	2,607.6	2,601.3	97,555	97,718	98,565
Higher Education.....	94,713.3	93,101.6	93,513.4	3,886,415	4,054,021	4,075,219
Unallocated Salary Increase.....	-	-	-	-	-	358
General Government						
General Administration.....	13,043.2	13,147.8	13,611.9	458,194	472,458	500,598
NET TOTALS, SALARIES						
 AND WAGES.....	260,621.6	271,172.7	273,969.2	\$10,288,632	\$10,874,713	\$11,074,921
<i>Position Classification</i>						
Constitutional Officers.....	125.0	126.0	127.0	\$7,177	\$8,385	\$8,861
Statutory.....	255.7	274.5	274.5	24,590	27,636	27,589
Civil Service.....	163,938.7	175,927.8	178,341.0	6,259,061	6,659,596	6,837,010
Exempt						
Various Departments.....	2,245.3	2,503.5	2,509.9	136,786	154,131	156,353
Higher Education						
University of California.....	58,901.0	57,299.0	57,674.0	2,429,399	2,496,433	2,497,256
State University.....	34,931.2	34,819.7	34,819.7	1,420,376	1,516,633	1,535,415
Hastings College of the Law..	224.7	222.2	223.1	11,243	11,899	12,079
Unallocated Salary Increase...	-	-	-	-	-	358
NET TOTALS, SALARIES						
 AND WAGES.....	260,621.6	271,172.7	273,969.2	\$10,288,632	\$10,874,713	\$11,074,921

SCHEDULE 4B
POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits)
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
Legislative/Judicial/Executive						
Legislative	523.8	593.5	579.5	\$24,759	\$29,164	\$29,440
Judicial	995.3	1,095.4	1,102.0	59,373	64,837	66,405
Executive	9,551.6	10,811.2	11,150.6	372,111	425,768	442,933
State and Consumer Services	13,709.4	15,151.0	15,361.1	461,774	515,951	531,174
Business, Transportation and						
Housing	38,356.6	43,205.2	43,854.0	1,493,071	1,680,705	1,724,230
Resources	13,775.7	14,764.4	14,512.3	536,732	571,766	574,633
Environmental Protection Agency .	2,913.0	4,110.3	4,280.0	122,160	170,651	179,315
Health and Welfare	38,938.0	45,819.7	45,057.0	1,384,035	1,587,150	1,592,916
Youth and Adult Correctional						
Agency	31,528.1	35,842.8	37,638.9	1,392,453	1,551,723	1,656,674
Education						
Education	2,573.6	2,849.2	2,837.7	97,555	108,627	109,395
Higher Education	94,713.3	95,291.1	95,704.1	3,886,415	4,137,471	4,190,441
Unallocated Salary Increase	-	-	-	-	-	358
General Government						
General Administration	13,043.2	13,687.0	14,197.9	458,194	493,557	522,184
TOTALS, SALARIES AND						
WAGES ¹	260,621.6	283,220.8	286,275.1	\$10,288,632	\$11,337,370	\$11,620,098
Less Salary Savings	-	-12,048.1	-12,305.9	-	-462,657	-545,177
NET TOTALS, SALARIES						
AND WAGES	260,621.6	271,172.7	273,969.2	\$10,288,632	\$10,874,713	\$11,074,921

¹ As shown in departmental budgets as "Totals, Salaries and Wages."

SCHEDULE 5

SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

Year	Population ¹ (Thousands)	Employees	Employees Per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund	Total	General Fund ²	Total ³	General Fund ²	Total ³	General Fund ²	Total ³
					(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
1950-51.....	10,643	61,000	5.7	\$19.8	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.96	\$5.08
1951-52.....	11,130	63,860	5.7	22.8	734	1,086	635	1,068	57.05	95.96	2.79	4.68
1952-53.....	11,638	65,720	5.6	25.4	774	1,151	714	1,177	61.35	101.13	2.81	4.63
1953-54.....	12,101	69,928	5.8	27.2	798	1,271	809	1,381	66.85	114.12	2.97	5.08
1954-55.....	12,517	74,099	5.9	28.1	879	1,434	852	1,422	68.07	113.61	3.03	5.06
1955-56.....	13,004	77,676	6.0	30.9	1,005	1,578	923	1,533	70.98	117.89	2.99	4.96
1956-57.....	13,581	88,299	6.5	33.8	1,079	1,834	1,030	1,732	75.84	127.53	3.05	5.12
1957-58.....	14,177	98,015	6.9	36.4	1,111	1,751	1,147	1,891	80.91	133.39	3.15	5.20
1958-59.....	14,741	101,982	6.9	38.1	1,210	1,925	1,246	1,932	84.53	131.06	3.27	5.07
1959-60.....	15,288	108,423	7.1	41.8	1,491	2,198	1,435	2,086	93.86	136.45	3.43	4.99
1960-61.....	15,863	115,737	7.3	44.2	1,598	2,338	1,678	2,525	105.78	159.18	3.80	5.71
1961-62.....	16,412	122,339	7.5	46.9	1,728	2,451	1,697	2,406	103.40	146.60	3.62	5.13
1962-63.....	16,951	128,981	7.6	50.6	1,866	2,668	1,881	2,703	110.97	159.46	3.72	5.34
1963-64.....	17,530	134,721	7.7	54.1	2,137	3,057	2,064	3,182	117.74	181.52	3.82	5.88
1964-65.....	18,026	143,896	8.0	58.7	2,245	3,295	2,345	3,652	130.09	202.60	3.99	6.22
1965-66.....	18,464	151,199	8.2	62.8	2,509	3,581	2,580	4,059	139.73	219.83	4.11	6.46
1966-67.....	18,831	158,404	8.4	68.3	2,895	4,073	3,017	4,659	160.21	247.41	4.42	6.82
1967-68.....	19,175	162,677	8.5	73.6	3,682	4,927	3,273	5,014	170.69	261.49	4.45	6.81
1968-69.....	19,432	171,655	8.8	80.6	4,136	5,450	3,909	5,673	201.16	291.94	4.85	7.04
1969-70.....	19,745	179,583	9.1	88.4	4,330	5,743	4,456	6,302	225.68	319.17	5.04	7.13
1970-71.....	20,039	181,581	9.1	95.0	4,534	5,919	4,854	6,556	242.23	327.16	5.11	6.90
1971-72.....	20,346	181,912	8.9	100.9	5,395	6,897	5,027	6,684	247.08	328.52	4.98	6.62
1972-73.....	20,585	188,460	9.2	110.3	5,780	7,366	5,616	7,422	272.82	360.55	5.09	6.73
1973-74.....	20,869	192,918	9.2	121.8	6,978	8,715	7,299	9,311	349.75	446.16	5.99	7.64
1974-75.....	21,174	203,548	9.6	136.2	8,630	10,405	8,349	10,276	394.30	485.31	6.13	7.54
1975-76.....	21,538	206,361	9.6	149.7	9,639	11,567	9,518	11,452	441.92	531.71	6.36	7.65
1976-77.....	21,936	213,795	9.7	167.7	11,381	13,463	10,467	12,632	477.16	575.86	6.24	7.53
1977-78.....	22,352	221,251	9.9	187.1	13,695	15,962	11,686	14,003	522.82	626.48	6.25	7.48
1978-79.....	22,836	218,530	9.6	214.9	15,219	17,711	16,251	18,745	711.64	820.85	7.56	8.72
1979-80.....	23,257	220,193	9.5	244.8	17,985	20,919	18,534	21,488	796.92	923.94	7.57	8.78
1980-81.....	23,782	225,567	9.5	276.1	19,023	22,104	21,105	24,511	887.44	1,030.65	7.64	8.88
1981-82.....	24,278	228,813	9.4	308.7	20,960	23,601	21,693	25,022	893.53	1,030.65	7.03	8.11
1982-83.....	24,805	228,489	9.2	328.0	21,233	24,291	21,751	25,330	876.88	1,021.17	6.63	7.72
1983-84.....	25,336	226,695	8.9	352.4	23,809	27,626	22,869	26,797	902.63	1,057.66	6.49	7.60
1984-85.....	25,816	229,845	8.9	389.2	26,536	31,570	25,722	30,961	996.36	1,199.30	6.61	7.96
1985-86.....	26,402	229,641	8.7	422.6	28,072	33,558	28,841	34,977	1,092.38	1,324.79	6.82	8.28
1986-87.....	27,052	232,927	8.6	453.1	32,519	37,767	31,469	38,079	1,163.28	1,407.62	6.95	8.40
1987-88.....	27,717	237,761	8.6	490.1	32,534	38,773	33,021	40,452	1,191.36	1,459.47	6.74	8.25
1988-89.....	28,393	248,173	8.7	532.2	36,953	43,322	35,897	44,634	1,264.29	1,572.01	6.75	8.39
1989-90.....	29,142	254,589	8.7	576.5	38,750	46,453	39,456	48,594	1,353.92	1,667.49	6.84	8.43
1990-91.....	29,976	260,622	8.7	619.4	38,214	47,024	40,264	51,446	1,343.21	1,716.24	6.50	8.31

¹ Population as of July 1, the beginning of the fiscal year.

² Includes Special Accounts in General Fund from 1973-74 to 1976-77.

³ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

Schedule 6
GENERAL FUND
ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1992
FROM THE PREVIOUS GOVERNOR'S BUDGET
(In Thousands)

<i>DETAIL OF CHANGES</i> 1990-91 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)	1991-92 Governor's Budget (previous estimate)	1992-93 Governor's Budget (revised estimate)	Effect of Changes on Reserves
Prior year resources available.....	\$545,443	\$791,146	\$245,703
Revenues and Transfers:			
Revenues.....	39,848,477	37,800,399	-2,048,078
Transfers and Loans.....	589,912	413,123	-176,789
Totals, Revenues and Transfers	\$40,438,389	\$38,213,522	-\$2,224,867
Expenditures:			
State Operations.....	\$10,303,099	\$10,154,087	\$149,012
Capital Outlay.....	2,600	9,411	-6,811
Local Assistance	31,414,594	30,175,726	1,238,868
Unclassified.....	339	-75,644	75,983
Totals, Expenditures.....	\$41,720,632	\$40,263,580	\$1,457,052
 1990-91 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)			
Revenues and Transfers:			
Revenues.....	\$45,432,869	\$42,790,383	-\$2,642,486
Transfers and Loans.....	338,075	842,900	504,825
Totals, Revenues and Transfers	\$45,770,944	\$43,633,283	-\$2,137,661
Expenditures:			
State Operations.....	\$10,963,821	\$9,951,169	\$1,012,652
Capital Outlay.....	33,354	35,710	-2,356
Local Assistance	32,285,187	33,731,334	-1,446,147
Unclassified.....	-	-	-
Totals, Expenditures.....	\$43,282,362	\$43,718,213	-\$435,851
Total Effect of Changes on Reserves			-\$3,095,624
 TOTAL CHANGES			
Changes in Reserves:			
Special Fund for Economic Uncertainties including Disaster Response- Emergency Operations Account	\$1,401,432	-\$1,781,346	-\$3,182,778
Reserve for Proposition 98	(110,000)	-	-
Proposition 98 carryovers	-	30,593	30,593
Reserve for Encumbrances	350,350	406,911	56,561
Total Reserves, June 30, 1992.....	\$1,751,782	-\$1,343,842	-\$3,095,624

Schedule 7
GENERAL FUND
(in thousands)

STATEMENT OF FINANCIAL CONDITION

June 30, 1991

		<i>General Fund Balances</i>	
ASSETS			
Cash in State Treasury and agency accounts.....		\$182,119	
Receivables.....		97,927	
Due from other funds.....		3,058,586	
Due from other governments.....		38,977	
Advances to other funds.....		7,005	
Prepaid expenses.....		181,918	
Other assets.....		784	
TOTAL OPERATING ASSETS		<u>\$3,567,316</u>	
LIABILITIES			
Accounts payable.....			\$529,125
Due to other funds.....			1,434,070
Pooled Money Investment Account Loans Payable.....			2,105,525
Due to other governments.....			581,344
Accrued interest payable.....			158,934
Advance collections.....			51,341
Deposits.....			20
Other liabilities.....			45,469
Total Liabilities			<u>\$4,905,828</u>
FUND BALANCE			
Reserved for Encumbrances.....			\$406,911
Designated for Unencumbered Balances of Continuing Appropriations.....			54,711
Special Fund for Economic Uncertainties.....			-
Reserved for Article XVI, Section 8 of the State Constitution (Proposition 98).....			49,397
Unreserved-Undesignated Available for Appropriation.....			-1,849,531
TOTAL FUND BALANCE			<u>-1,338,512¹</u>
TOTAL LIABILITIES AND FUND BALANCE			<u>\$3,567,316</u>
LONG-TERM OBLIGATIONS			
General obligation bonds.....		\$12,571,350	
Less: self-liquidating bonds.....		4,637,305	
Net general bonded debt.....		<u>\$7,934,045</u>	
Interest payable in future years.....		4,877,451	
Net Total Long-Term Obligations		<u>\$12,811,496</u>	

¹ The total fund balance of -\$1,338,512 shown in this Statement of Financial Condition prepared by the State Controller differs from the Fund Balance of \$545,443 shown in the Schedule 1 (General Budget Summary) because of adjustments identified after the issuance of the State Controller's Preliminary Annual Report. The adjustments are summarized in the following table.

Controllers Preliminary Report.....	-\$1,338,512
Adjustments:	
Department of Social Services (IHSS program)—Federal Medi-Cal reimbursements for county administrative costs.....	+7,000
Department of Health Services—Federal Medi-Cal reimbursements for prior year expenditures.....	+72,600
Adjusted Fund Balance per Schedule 1.....	<u>-\$1,258,912</u>

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1990-91, 1991-92, AND 1992-93
(dollars in thousands)

Sources	Actual 1990-91		Estimated 1991-92		Estimated 1992-93	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
MAJOR TAXES AND LICENSES						
Excise Tax on Beer and Wine	31,143	—	173,000	—	160,200	—
Excise Tax on Distilled Spirits	98,497	31,143	159,500	—	153,000	—
Bank and Corporation Income Taxes	4,508,284	37,100	5,017,000	34,400	5,420,000	34,400
Cigarette Tax	146,001	600,400	168,000	540,100	188,121	496,479
Horse Racing Revenues	106,081	136,022	94,000	122,314	87,000	115,243
Inheritance Tax	498,774	498,774	489,000	—	540,000	—
Insurance Gross Premiums Tax	1,286,198	—	1,195,000	—	1,217,000	—
Trailer Coach License -In-Lieu Fees	—	30,824	—	31,200	—	31,600
Motor Vehicle License -In-Lieu Fees	—	2,183,901	—	2,944,000	—	3,092,000
Motor Vehicle Fuel Tax -Gasoline	—	1,762,529	—	2,199,300	—	2,187,300
Motor Vehicle Fuel Tax -Diesel	—	225,961	—	282,000	—	302,000
Motor Vehicle Registration	—	1,295,554	—	1,426,368	—	1,527,068
Personal Income Tax	16,848,538	389	18,133,000	3,006	19,522,000	3,006
Retail Sales and Use Taxes	13,303,093	536,333	16,188,000	1,476,839	16,859,000	1,726,100
TOTALS, MAJOR TAXES AND LICENSES	36,826,609	6,702,932	41,616,500	8,965,527	44,146,321	9,428,196
						53,574,517
MINOR REVENUES						
REGULATORY TAXES AND LICENSES						
General Fish and Game Taxes	—	2,012	—	2,015	—	2,120
Electrical Energy Tax	—	40,248	—	40,038	—	41,239
Quarterly Public Util Commission Fees	—	58,607	—	71,774	—	75,844
Liquor License Fees	33,299	33,299	29,663	—	31,827	—
Genetic Disease Testing Fees	—	28,393	—	36,877	—	31,827
Other Regulatory Taxes	9,232	69,901	9,112	55,400	9,271	47,504
General Fish and Game Lic Tags Permits	—	58,523	—	58,898	—	63,244
Other Regulatory Licenses and Permits	46,373	145,865	52,926	173,194	41,605	60,312
Universal Telephone Service Tax	14	14	—	—	—	211,387
Other	21,436	724,923	26,277	864,602	16,844	—
TOTALS	110,354	1,128,472	117,978	1,302,798	99,547	1,518,328
						1,617,875
REVENUE FROM LOCAL AGENCIES						
County Costs-Mentally Ill Patients	31,447	—	—	—	—	—
Architecture Public Building Fees	—	23,269	—	26,528	—	24,544
Penalties on Traffic Violations	—	122,325	—	89,567	—	117,483
Other	15,314	48,309	460,519	37,361	532,519	39,905
TOTALS	46,761	193,903	460,519	153,456	532,519	181,932
						714,451
SERVICES TO THE PUBLIC						
Pay Patients Board Charges	29,945	—	29,000	—	28,500	—
State Beach and Park Service Fees	—	46,981	—	57,850	—	57,850
Emergency Telephone Users Surcharge	—	65,896	—	66,780	—	66,780
Receipts From Health Care Deposit Fund	16,395	—	37,858	37,858	37,858	—
California State University Fees	—	362,790	—	408,521	—	408,423
Personalized License Plates	—	30,187	—	33,692	—	38,390

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

Sources	Actual 1990-91		Estimated 1991-92		Estimated 1992-93	
	General Fund	Special funds Total	General Fund	Special funds Total	General Fund	Special funds Total
Other	29,458	86,531	26,433	98,359	32,140	110,074
TOTALS	75,798	592,385	93,291	665,202	98,498	681,517
USE OF PROPERTY AND MONEY						
Income From Pooled Money Investments	362,559	2,582	224,000	5,806	222,000	6,038
Income From Surplus Money Investments	20,406	156,847	—	130,676	20,000	129,009
Federal Lands Royalties	—	25,165	—	25,608	—	25,608
Oil & Gas Lease-1% Revenue City/County	239	—	215	—	200	—
Rentals of State Property	4,884	40,810	5,273	38,901	4,853	45,997
State Land Royalties	68,487	101,316	91,176	170,701	10,682	55,699
Other	7,214	43,419	12,557	50,166	58,019	53,667
TOTALS	463,789	370,139	333,221	421,858	315,754	316,018
MISCELLANEOUS						
Penalties & Interest on UI & DI Contrib	—	60,717	—	53,090	—	54,840
Sale of Fixed Assets	1,649	1,716	1,885	43	1,411	43
Revenue-Abandoned Property	254,204	254,204	150,000	—	95,000	—
Miscellaneous Revenue	4,055	53,377	2,609	227,715	2,567	389,551
Penalties & Intrst on Personal Income Tx	—	13,976	—	12,180	—	12,600
Other Revenue - Cost Recoveries	—	2,239	—	1,920	—	2,180
Uninsured Motorist Fees	4,693	—	700	—	—	—
Parking Violations	1	1	1	—	1	—
Penalty Assessments	6,110	43,379	6,702	50,764	6,731	64,215
Other	6,376	17,092	6,977	14,771	6,978	16,021
TOTALS	277,088	467,935	168,874	360,483	112,688	539,450
TOTALS, MINOR REVENUES	973,790	2,475,746	1,173,883	2,903,797	1,159,006	3,237,245
TOTALS, REVENUES	37,800,399	9,178,678	42,790,383	11,869,324	45,305,327	12,665,441
TRANSFERS & LOANS						
General Fund	-22	22	-8,065	2,550	-3,603	3,603
Motor Vehicle Parking Facil Mone	—	—	1,400	-1,400	—	—
Access for Handicapped Account	—	—	1,500	-1,500	—	—
Attorney General Antitrust Accou	600	-600	600	-600	600	-600
Hazardous Waste Control Account	—	—	—	—	—	—
Emergency Telephone Number Acct,	—	—	23,400	-23,400	—	—
Agricultural & Forestry Residue	30	-30	—	—	—	—
Energy Conservation Assistance A	—	—	5,800	-5,800	—	—
Geothermal Resources Development	—	—	—	—	—	—
Special Account for Capital Outl	106,600	-106,600	120,000	-120,000	—	—
Aeronautics Account STF	—	—	2,000	-2,000	3,027	-3,027
Highway Account, State, STF	—	—	—	—	85,000	-85,000
Motor Vehicle Account, STF	—	—	51,500	-51,500	—	—
Transport Planning & Develop Acc	—	—	—	—	11,000	-11,000
Abandoned Railroad Account, STF	—	—	—	—	—	—
Seismic Safety Retrofit Account,	—	—	11,940	-11,940	4,000	-4,000
TOTALS	—	—	—	—	—	—

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

(dollars in thousands)

Sources	Actual 1990-91		Estimated 1991-92		Estimated 1992-93	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Rail Accident Prevention & Respo	—	—	—	—	—	—
Motor Vehicle Fuel Account, TTF	—	—	—	—	—	—
Highway Users Tax Account, TTF	—	—	—	—	—	—
Childhood Lead Poisoning Prevent	—	—	—	—	3,603	-3,603
Acupuncturists Fund	—	—	256	-256	—	—
Agriculture Acct., AG Fund	—	—	—	-2,800	—	—
Auctioneer Commission Fund	—	—	166	-166	—	—
Animal Health Technician Exam Co	—	—	62	-62	—	—
School Building Program Account	—	—	6,900	-6,900	—	—
Hosp Plan Chk Acct, Apb Fund	—	—	1,800	-1,800	—	—
Rural Economic Development Fund	6,940	-6,940	2,500	-2,500	—	—
Water Device Certification Speci	—	—	43	-43	43	-43
Beverage Container Recycling Fun	—	—	—	—	—	—
Redemption Acct., Beverage Contn R	—	—	—	—	—	—
Banking Fund, State	—	—	5,400	-5,400	—	—
Vital Record Improvement Project	—	—	12,700	-12,700	—	—
Environmental License Plate Fund	—	—	—	—	—	—
Water Fund, California	—	—	—	—	—	—
Unitary Fund, California	29,536	-29,536	32,100	-32,100	33,400	-33,400
Collection Agency Fund	—	—	340	-340	—	—
Outer Cont Shelf Land Act Sec 8g	16,707	-16,707	13,071	-13,071	—	—
Delinquent Tax Collection Fund	—	—	1,801	-1,801	1,801	-1,801
Developmental Disabilities Prog	666	-666	—	—	—	—
Competitive Technology Fund	—	—	3,200	-3,200	—	—
Dispensing Opticians Fund	—	—	6	-6	—	—
Delta Flood Protection Fund	—	—	2,000	-2,000	—	—
Driver Training Penalty Assessme	49,859	-49,859	23,332	-23,332	44,104	-44,104
Employment Development Contingen	48,389	-48,389	38,357	-38,357	42,054	-42,054
Energy Resources Surcharge Fund	—	—	—	—	—	—
Energy and Resource Fund	509	-509	410	-410	401	-401
Fair and Exposition Fund	698	-698	246	-246	246	-246
Satellite Wagering Account	—	—	5,000	-5,000	—	—
Asset Forfeiture Distribution Fu	3,038	-3,038	3,241	-3,241	—	—
Geology and Geophysics Fund	—	—	161	-161	—	—
Native Species Conserv & Enhance	—	—	—	—	—	—
Insurance Fund	—	—	—	—	1,500	-1,500
Workers' Comp Administration Rev	1,297	-1,297	—	—	—	—
Low-Level Radioactive Waste Disp	—	—	—	—	450	-450
Cigarette & Tobacco Products Sur	—	—	—	—	—	—
Health Ed Acct, Cig & Tob Pr Sur	—	—	—	—	—	—
Hospital Svc Acct, Cig & Tob Pr	—	—	—	—	—	—
Physician Svc Acct, Cig & Tob Pr	—	—	—	—	—	—
Public Res Acct, Cig & Tob Pr Su	—	—	—	—	—	—
Unallocated Acct, Cig & Tob Pr S	—	—	—	—	—	—
Nursing Home Admin St Lic Exam B	—	—	148	-148	—	—
Osteopathic Examiners Contingent	—	—	763	-763	—	—
Conservation & Enforcement Svs A	—	—	—	—	—	—
Residential Care Facility for El	—	—	—	—	50	-50
Physicians Assistant Fund	—	—	377	-377	—	—
Residential Earthquake Recovery	—	—	—	—	—	—
Podiatry Fund	—	—	625	-625	—	—
Real Estate Fund	—	—	12,526	-12,526	—	—

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

(dollars in thousands)

Sources	Actual 1990-91			Estimated 1991-92			Estimated 1992-93		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Respiratory Care Fund	—	—	—	785	-785	—	—	—	—
Oil Spill Response Trust Fund	—	—	—	—	—	—	—	—	—
Electronic and Appliance Repair	—	—	—	451	-451	—	—	—	—
Local Revenue Fund	—	—	—	—	—	—	—	—	—
Sales Tax Account, Local Revenue	—	—	—	—	—	—	—	—	—
Sales Tax Growth Account	—	—	—	—	—	—	—	—	—
Mine Reclamation Account	—	—	—	—	—	—	—	—	—
School Building Lease-Purchase F	—	—	—	—	—	—	20,000	-20,000	—
School Land Bank Fund	—	—	—	7,000	-7,000	—	70,179	-70,179	—
Disaster Relief Fund	108,647	-108,647	—	156,075	-156,075	—	—	—	—
Speech Pathology & Audio Exam Co	—	—	—	74	-74	—	—	—	—
Dental Auxiliary Fund, State	—	—	—	339	-339	—	—	—	—
Integrated Waste Management Acct	—	—	—	—	—	—	—	—	—
Structural Pest Cntrl Educ&Enfor	—	—	—	102	-102	—	—	—	—
Tax Preparers Fund	—	—	—	219	-219	—	—	—	—
Test Development and Admin Acct.	—	—	—	77	-77	—	—	—	—
Underground Storage Tank Tester	23	-23	—	—	—	—	—	—	—
Underground Storage Tank Cleanup	—	—	—	—	—	—	—	—	—
Hazardous Substance Subaccount	—	—	—	—	—	—	—	—	—
Energy Resources Programs Account	1,580	-1,580	—	2,723	-2,723	—	—	—	—
Narc Assist & Relinquish Crim Of	474	-474	—	—	—	—	156	-156	—
Special Financing Account	—	—	—	—	—	—	—	—	—
Energy Tech Research, Dev, & Dem	1,647	-1,647	—	1,337	-1,337	—	—	—	—
Garment Manufacturers Special Ac	159	-159	—	100	-100	—	50	-50	—
Financial Responsibility Penalty	11,334	-11,334	—	3,160	-3,160	—	3,300	-3,300	—
Boxer's Neurological Examination	—	—	—	22	-22	—	—	—	—
Water Resources Development Bond	—	16,100	16,100	—	22,400	22,400	—	26,700	26,700
Employment Training Fund	—	—	—	21,924	—	21,924	—	—	—
Harbors and Watercraft Revolving	—	—	—	14,329	—	14,329	14,700	—	14,700
Coastal Conservancy Fund, State	—	—	—	—	100	100	—	—	—
Service Revolving Fund	17,928	—	17,928	—	—	—	—	—	—
Stephen P Teale Data Center Revo	—	—	—	7,300	—	7,300	5,150	—	5,150
Accountancy Fund	—	—	—	7,382	-7,382	—	—	—	—
Architectural Examiners Fd. Cal	—	—	—	191	-191	—	—	—	—
Barber Exam Fd, St Bd Trans to—	—	—	—	626	-626	—	—	—	—
Cemetery Fund	—	—	—	217	-217	—	—	—	—
Contractors License Fund	—	—	—	24,796	-24,796	—	—	—	—
Cosmetology Cont Fd, Trans to 06	—	—	—	1,347	-1,347	—	—	—	—
School Building Aid Fund, State	—	—	—	23,000	—	23,000	23,000	—	23,000
Cleanwater Bond Fund, 1984 State	135	—	135	—	—	—	—	—	—
Dentistry Fund, State	—	—	—	444	-444	—	—	—	—
Home Furnish & Thermal Insulat F	—	—	—	762	-762	—	—	—	—
Landscape Architects Fund, Cal S	—	—	—	184	-184	—	—	—	—
Registered Nursing Fund, Board o	—	—	—	845	-845	—	—	—	—
Optometry Fund, State	300	-300	—	53	-53	—	—	—	—
Pharmacy Board Contingent Fund	—	—	—	5,413	-5,413	—	—	—	—
Professional Engineer & Land Sur	—	—	—	4,196	-4,196	—	—	—	—
Shorthand Reporters Fund	—	—	—	160	-160	—	—	—	—
Behavioral Science Examiners Fun	—	—	—	1,394	-1,394	—	—	—	—
Structural Pest Control Fund	—	—	—	1,311	-1,311	—	—	—	—
Veterinary Examiners Contingent	—	—	—	969	-969	—	—	—	—
Vocational Nurses Account	—	—	—	1,005	-1,005	—	—	—	—

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

Sources	Actual 1990-91			Estimated 1991-92			Estimated 1992-93		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Psychiatric Technicians Account	—	—	—	26	—	—	—	—	—
Unallocated Bonds Funds - Non Se	—	—	—	130,000	-26	130,000	—	—	—
Export Finance Fund	—	—	—	6,245	—	6,245	—	—	—
Audit Repayment Trust Fund	—	—	—	1,100	—	1,100	—	—	—
Superfund Bond Trust Fund	—	—	—	20,000	—	20,000	—	—	—
Mental Health Primary Prevention	—	—	—	2,000	—	2,000	—	—	—
Trust Fund, Federal	—	771	771	—	—	—	—	—	—
Local Hlth Capital Expend Acc, C	—	—	—	2,474	—	2,474	—	—	—
Industrial Relations Unpaid Wage	1,772	—	1,772	1,727	—	1,727	1,727	—	1,727
Small Business Expansion Fund	—	3,800	3,800	—	452	452	—	—	—
Forest Resources Improvement Fun	1,601	—	1,601	7,310	—	7,310	—	—	—
Special Deposit Fund	1,791	—	1,791	1,800	—	1,800	1,800	—	1,800
Foster Children and Parent Train	885	—	885	1,300	—	1,300	—	—	—
Mobilehome Recovery Fund	—	—	—	1,000	—	1,000	—	—	—
TOTALS, TRANSFERS & LOANS	413,123	-368,340	44,783	842,900	-586,754	256,146	367,738	-294,661	73,077
TOTALS, REVENUES AND TRANSFERS	38,213,522	8,810,338	47,023,860	43,633,283	11,282,570	54,915,853	45,673,065	12,370,780	58,043,845

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
LEGISLATIVE, JUDICIAL, AND EXECUTIVE												
Legislative												
Legislature												
Senate												
State Operations	70408	1929	72337	—	—	47200	—	47200	—	—	48191	—
Assembly												
State Operations	98251	—	98251	—	—	66800	—	66800	—	—	68918	—
Totals, Legislature	168659	1929	170588	—	—	114000	—	114000	—	—	117109	—
Contributions to Legislator Retire Fund												
State Operations	917	—	917	—	—	1172	—	1172	—	—	1172	—
Office of the Auditor General												
State Operations	12651	—	12651	—	—	—	—	—	—	—	—	—
Con Sec 33.50-Auditor Gen & Leg Analyst.												
State Operations	—	—	—	—	—	14896	—	14896	—	—	—	—
Legislative Counsel Bureau												
State Operations	42710	—	42710	—	—	52974	—	52974	—	—	52946	—
Totals, Legislative	224937	1929	226866	—	—	183042	—	183042	—	—	171227	—
Judicial												
Judiciary												
State Operations	135734	1414	137148	—	—	144089	123	144212	—	—	157230	123
Local Assistance	—	—	—	—	—	100	—	100	—	—	10	—
Totals, Judiciary	135734	1414	137148	—	—	144189	123	144312	—	—	157240	123
Contributions to Judges Retirement Fund												
State Operations	3005	—	3005	—	—	3155	—	3155	—	—	3317	—
Local Assistance	36627	—	36627	—	—	44817	—	44817	—	—	55166	—
Totals, Contributions to Judges Retire Fd	39632	—	39632	—	—	47972	—	47972	—	—	58483	—
Salaries of Superior Court Judges												
Local Assistance	69216	—	69216	—	—	73854	—	73854	—	—	73886	—
St Block Grant for Sup Court Judgeships												
Local Assistance	—	—	—	—	—	—	—	—	—	—	1	—
State Block Grant for Trial Court Fund												
Local Assistance	397901	—	397901	—	—	629017	—	629017	—	—	618636	—
Totals, Judicial	642483	1414	643897	—	—	895032	123	895155	—	—	908246	123
Executive/Governor												
Governor's Office												
State Operations	8716	—	8716	—	—	8250	—	8250	—	—	8425	—
Sec fr Child Dev & Ed (See Education)												
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Office of California/Mexico Affairs												
State Operations	286	—	286	—	—	261	—	261	—	—	261	—
California State World Trade Commission												
State Operations	2058	1000	3058	—	—	1754	—	1754	—	—	2175	—

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Total Budget	Bond funds	Federal Funds
Office of Planning and Research															
State Operations	4537	447	4984	—	444	4034	429	4463	—	390	4034	430	4464	—	639
Local Assistance	—	739	739	—	3160	—	—	—	—	75	—	—	—	—	3343
Totals, Office of Planning and Research ..	4537	1186	5723	—	3604	4034	429	4463	—	465	4034	430	4464	—	3982
Office of Emergency Services															
State Operations	17819	7739	25558	—	5420	16018	-100	15918	—	12109	16018	2421	18439	—	9673
Local Assistance	4750	37211	41961	—	95687	147563	-51175	96388	—	96413	19779	26584	46363	—	134604
Totals, Office of Emergency Services	22569	44950	67519	—	101107	163581	-51275	112306	—	108522	35797	29005	64802	—	144277
Governors Portrait															
State Operations	20	—	20	—	—	—	—	—	—	—	—	—	—	—	—
Governor Elect and Outgoing Governor															
State Operations	508	—	508	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Executive/Governor	38694	47136	85830	—	104711	177880	-50846	127034	—	108987	50692	29435	80127	—	148259
Executive/Constitutional Offices															
Total Office of the Lieutenant Governor															
State Operations	1583	—	1583	—	—	1359	—	1359	—	—	1359	—	1359	—	—
Department of Justice															
State Operations	179207	37563	216770	—	9536	168391	48631	217022	—	14037	169420	49073	218493	—	16307
Local Assistance	360	125	485	—	—	592	850	1442	—	—	592	850	1442	—	—
Capital Outlay	—	—	—	—	—	—	250	250	—	—	—	—	—	—	—
Totals, Department of Justice	179567	37688	217255	—	9536	168983	49731	218714	—	14037	170012	49923	219935	—	16307
State Controller															
State Operations	70755	3383	74138	—	1425	63239	4091	67330	—	1828	63567	4380	67947	—	1723
State Board of Equalization															
State Operations	116646	19809	136455	—	—	131401	21377	152778	—	—	145593	24835	170428	—	—
Secretary of State															
State Operations	30500	—	30500	—	—	23581	—	23581	—	—	11825	12165	23990	—	—
State Treasurer															
State Operations	5844	—	5844	—	—	5641	—	5641	500	—	5747	—	5747	—	—
Capital Outlay	—	109	109	—	—	—	612	612	—	—	—	—	—	—	—
Totals, State Treasurer	5844	109	5953	—	—	5641	612	6253	500	—	5747	—	5747	—	—
California Debt Advisory Commission															
State Operations	—	1100	1100	—	—	—	1349	1349	—	—	—	1271	1271	—	—
California Debt Limit Allocation Commit															
State Operations	—	390	390	—	—	—	423	423	—	—	—	393	393	—	—
Calif Industrial Dev Financing Adv Comm															
State Operations	—	413	413	—	—	—	463	463	—	—	—	415	415	—	—
California Tax Allocation Committee															
State Operations	—	916	916	—	—	—	1581	1581	—	—	—	1581	1581	—	—

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

STATE AND CONSUMER SERVICES

Secretary for State and Consumer Service										
	823	—	823	—	754	—	754	—	754	—
State Operations										
Museum of Science and Industry	7321	566	7887	—	6290	2070	8360	—	7423	2164
State Operations						1000	1000	41351	—	—
Capital Outlay										
Totals, Museum of Science and Industry	7321	566	7887	—	6290	3070	9360	41351	7423	2164
California Afro-American Museum	1201	—	1201	—	1132	—	1132	—	—	—
State Operations										
Department of Consumer Affairs										
Board of Accountancy										
State Operations	—	4879	4879	—	—	7137	7137	—	—	9177
Board of Architectural Examiners										
State Operations	—	3546	3546	—	—	3932	3932	—	—	4178
Athletic Commission										
State Operations	759	298	1057	—	684	384	1068	—	684	388
Bureau of Automotive Repair										
State Operations	—	64573	64573	—	—	72661	72661	—	—	71780
Board of Barber Examiners										
State Operations	—	961	961	—	—	999	999	—	—	—
Board of Barbering and Cosmetology										
State Operations	—	—	—	—	—	—	—	—	—	6666
Board of Behavioral Science Examiners										
State Operations	—	2697	2697	—	—	3457	3457	—	—	3789
Cemetery Board										
State Operations	—	321	321	—	—	367	367	—	—	364

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91			Estimated 1991-92			Estimated 1992-93		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Total Bureau of Collection & Invest. Ser									
State Operations	—	6250	6250	—	7349	7349	—	8184	8184
Contractors State License Board	—	34211	34211	—	34514	34514	—	37700	37700
Board of Cosmetology	—	4269	4269	—	4850	4850	—	—	—
Board of Dental Examiners	—	4398	4398	—	5064	5064	—	5052	5052
Bureau of Electronic & Appliance Repair	—	1291	1291	—	1245	1245	—	1365	1365
State Operations	—	596	596	—	796	796	—	793	793
Board of Funeral Directors and Embalmers	—	379	379	—	467	467	—	526	526
Bd of Reg for Geologists & Geophysicists	47	—	47	39	—	39	—	39	39
State Operations	—	2265	2265	—	2669	2669	—	2849	2849
Bureau of Home Furnish & Thermal Insula	—	458	458	—	690	690	—	597	597
Board of Landscape Architects	—	24813	24813	—	33708	33708	—	36513	36513
State Medical Quality Assurance	—	332	332	—	409	409	—	422	422
Board of Examiners of Nursing Home Admin	—	577	577	—	814	814	—	785	785
State Operations	—	3061	3061	—	3434	3434	—	3837	3837
Board of Pharmacy	—	4887	4887	—	4892	4892	—	5470	5470
Bd of Reg for Prof Engineer & Lnd Survy	—	9049	9049	—	10759	10759	—	10335	10335
State Operations	—	665	665	—	743	743	—	760	760
Board of Registered Nursing	—	912	912	—	1299	1299	—	1368	1368
Certified Shorthand Reporters Board	—	844	844	—	965	965	—	1056	1056
Structural Pest Control Board	—	4257	4257	—	4045	4045	—	4351	4351
State Operations	1433	—	1433	1220	—	1220	—	—	—
Tax Preparers Program	2239	183744	185983	1943	210558	212501	1943	220966	222909
State Operations	11243	—	11243	9751	—	9751	9751	—	9751
State Veterinary Medicine	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—
Bd of Vac Nurse & Psyc Tech Examiners	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—
Division of Consumer Services	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—
Totals, Department of Consumer Affairs	—	—	—	—	—	—	—	—	—
Dept of Fair Employment and Housing	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—

Schedule 9

FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

BUSINESS, TRANSPORTATION, AND HOUSING

Sec for Business,Transport and Housing

State Operations

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Dept of Alcoholic Beverage Control												
State Operations	22848	—	22848	—	—	19395	—	19395	—	—	19395	—
Alcoholic Beverage Control Appeals Bd												
State Operations	—	445	445	—	—	—	523	523	—	—	—	508
State Banking Department												
State Operations	—	15068	15068	—	—	—	15979	15979	—	—	—	16479
Dept of Corporations												
State Operations	9972	—	9972	—	—	10311	315	10626	—	—	—	27468
Department of Commerce												
State Operations	18266	2311	20577	—	140	11237	1305	12542	—	98	16223	1304
Local Assistance	11581	768	12349	—	1076	8960	9812	18772	—	3931	8960	8325
Totals, Department of Commerce	29847	3079	32926	—	1216	20197	11117	31314	—	4029	25183	9629
Unitary Fund Programs												
Local Assistance	—	2000	2000	—	—	—	2000	2000	—	—	—	—
Dept of Housing & Community Development												
State Operations	6288	5387	11675	4653	1933	5488	6326	11814	5589	2019	5504	6532
Local Assistance	36600	—	36600	187793	50751	51524	—	51524	153212	63164	49224	—
Totals, Dept of Housing & Community Dev	42888	5387	48275	192446	52684	57012	6326	63338	158801	65183	54728	6532
Dept of Insurance												
State Operations	—	63116	63116	—	—	—	88190	88190	—	—	—	92794
Local Assistance	—	3199	3199	—	—	—	143894	143894	—	—	—	300996
Totals, Dept of Insurance	—	66315	66315	—	—	—	232084	232084	—	—	—	393790
Office of Real Estate Appraisers												
State Operations	—	232	232	—	—	—	1680	1680	—	—	—	1212
Dept of Real Estate												
State Operations	—	24996	24996	—	—	—	30483	30483	—	—	—	28153
Dept of Savings and Loan												
State Operations	—	3663	3663	—	—	—	3806	3806	—	—	—	3826
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Transportation												
California Transportation Commission												
State Operations	—	1351	1351	143	—	—	1375	1375	1133	—	—	1437
Local Assistance	—	—	—	—	—	—	9880	9880	300000	—	—	—
Totals, Calif Transportation Commission	—	1351	1351	143	—	—	11255	11255	301133	—	—	1437
Special Transportation Programs												
Local Assistance	—	43250	43250	—	—	—	57413	57413	—	—	—	55000
Dept of Transportation												
State Operations	4725	1304950	1309675	—	331130	11799	1407700	1419499	—	318033	—	1460540
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Transportation Planning Program	—	4032	4032	—	8887	—	4032	4032	—	8900	—	4032
Mass Transportation Program	—	46119	46119	41600	28735	—	93219	93219	225318	14802	—	96234
Aeronautics Program	—	6930	6930	—	—	—	5810	5810	—	—	—	3698
Highway Transportation Program	13116	116594	129710	—	254077	—	223313	223313	—	261825	—	228581
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107303	305292	412595	158801	69212	99680	488276
Totals, Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Business	105976	121818	227794	192446	53900	107						

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

(dollars in thousands)

[illegible]

RESOURCES

	1431	591	2022		1191	904	2095		14	1711		379	1570	
Secretary for Resources														
State Operations	1431	591	2022	—	—	904	2095	—	—	—	—	379	1570	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Secretary for Resources	1431	591	2022	—	—	904	2095	—	1725	1191	—	379	1570	—
Special Resources Program														
State Operations	509	100	609	—	—	100	589	—	—	—	—	100	589	—

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Appendix 33

	Actual 1990-91			Estimated 1991-92			Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Local Assistance	896	565	1461	—	—	910	800	1710	—	—
Totals,Special Resources Program	1405	665	2070	—	—	1399	900	2299	—	—
California Tahoe Conservancy										
State Operations	769	33	802	746	—	717	384	1101	908	—
Local Assistance	—	1000	1000	—	58	—	2250	2250	2000	—
Capital Outlay	—	2904	2904	9574	—	—	5600	5600	7235	—
Totals,California Tahoe Conservancy	769	3937	4706	10320	58	717	8234	8951	15908	908
California Conservation Corps										
State Operations	39406	6078	45484	—	—	34682	6223	40905	—	—
Capital Outlay	—	244	244	—	—	—	650	650	—	—
Totals,California Conservation Corps	39406	6322	45728	—	—	34682	6873	41555	—	—
Energy Resources Conservation & Dev Com										
State Operations	—	42020	42020	—	10592	25	49048	49073	—	59963
Local Assistance	—	2893	2893	—	—	—	2736	2736	—	—
Totals,Energy Resources Conserv & Dev	—	44913	44913	—	10592	25	51784	51809	—	59963
Renewable Resources Investment Program										
State Operations	—	2551	2551	—	—	—	2000	2000	—	—
Colorado River Board of California										
State Operations	249	8	257	—	—	244	9	253	—	—
Department of Conservation										
State Operations	14519	332459	346978	—	422	14292	318656	332948	—	510
Department of Forestry and Fire Protect										
State Operations	293534	15400	308934	1	13096	264680	21226	285906	38	7094
Local Assistance	—	—	—	590	—	—	—	—	633	—
Capital Outlay	—	1861	1861	—	—	—	5573	5573	—	—
Totals,Dept of Forestry and Fire Protect	293534	17261	310795	591	13096	264680	26799	291479	671	7094
State Lands Commission										
State Operations	14579	2507	17086	—	—	11825	4230	16055	—	—
Capital Outlay	—	799	799	—	—	—	834	834	—	—
Totals,State Lands Commission	14579	3306	17885	—	—	11825	5064	16889	—	—
Seismic Safety Commission										
State Operations	1152	-2	1150	140	—	863	—	863	481	—
Department of Fish and Game										
State Operations	4837	87055	91892	1399	17862	17054	104451	121505	3074	24516
Capital Outlay	—	481	481	93	—	2410	2153	4563	55	348
Totals,Department of Fish and Game	4837	87536	92373	1492	17862	19464	106604	126068	3129	24864
Wildlife Conservation Board										
State Operations	—	-7912	-7912	8965	—	—	6727	6727	226	—
Capital Outlay	—	13999	13999	21637	—	—	10668	10668	40406	—
Totals,Wildlife Conservation Board	—	6087	6087	30602	—	—	17395	17395	40632	—

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Dept of Boating & Waterways												
State Operations	262	6	268	—	625	—	64	64	—	1648	—	—
Local Assistance	—	1000	1000	—	1107	—	—	—	—	2550	—	—
Unclassified	—	25976	25976	—	—	—	30300	30300	—	—	32600	—
Totals, Dept of Boating & Waterways	262	26982	27244	—	1732	—	30364	30364	—	4198	32600	—
California Coastal Commission												
State Operations	5870	1093	6963	—	1521	5725	1107	6832	—	2251	5552	1971
Local Assistance	—	—	—	—	250	—	—	—	—	141	—	—
Totals, California Coastal Commission ...	5870	1093	6963	—	1771	5725	1107	6832	—	2392	5552	1971
State Coastal Conservancy												
State Operations	—	4000	4000	6843	—	—	—	—	2098	—	—	291
Local Assistance	—	1653	1653	2790	—	—	—	—	—	—	—	—
Capital Outlay	—	3658	3658	12242	—	—	2943	2943	20640	—	3900	8563
Totals, State Coastal Conservancy	—	1311	1311	21875	—	—	2943	2943	22738	—	3900	8854
Dept of Parks and Recreation												
State Operations	70865	78295	149160	4342	1445	54295	90575	144870	4713	1779	54401	96110
Local Assistance	883	21673	22556	75781	2175	—	21577	21577	81234	5715	—	14100
Capital Outlay	—	5992	5992	33647	172	—	14310	14310	123875	300	—	15361
Totals, Dept of Parks and Recreation	71748	105960	177708	113770	3792	54295	126462	180757	209822	7794	54401	125571
Santa Monica Mountains Conservancy												
State Operations	195	—	195	—	—	177	—	177	—	—	177	—
Capital Outlay	—	8011	8011	4883	—	—	10989	10989	—	—	10000	—
Totals, Santa Monica Mountains Conserv	195	8011	8206	4883	—	177	10989	11166	—	—	177	10000
San Francisco Bay Conserv & Develop Com												
State Operations	1640	—	1640	—	8	1421	200	1621	—	53	1421	415
Department of Water Resources												
State Operations	31628	7777	39405	2687	804	27304	6257	33561	3142	1966	27267	8123
Local Assistance	—	10880	10880	31666	—	—	39672	39672	104462	—	—	16904
Capital Outlay	—	13192	13192	—	—	—	20631	20631	—	—	—	—
Totals, Department of Water Resources ..	31628	31849	63477	34353	804	27304	66560	93864	107604	1966	27267	25027
Payment of Interest on PMJA Loans-Res												
State Operations	33218	—	33218	—	—	11692	—	11692	—	—	11692	—
Local Assistance	—	—	—	4631	—	—	—	—	2000	—	—	2000
Totals, Payment of Interest on PMJA Loans	33218	—	33218	4631	—	11692	—	11692	2000	—	11692	2000

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
General Obligation Bonds-Resources												
State Operations	190307	—	190307	—	—	223627	—	223627	—	—	252259	—
Totals,	706749	680840	1387589	222657	50137	673623	783847	1457470	402985	110572	673364	765059
TOTALS, RESOURCES	706749	680840	1387589	222657	50137	673623	783847	1457470	402985	110572	673364	765059
State Operations	704970	564059	1269029	25123	46375	670303	612161	1282464	14680	99794	672454	648161
Local Assistance	1779	39664	41443	115458	3590	910	67035	67945	188329	10130	910	37481
Capital Outlay	—	51141	51141	82076	172	2410	74351	76761	199976	648	—	46817
Unclassified	—	25976	25976	—	—	—	30300	30300	—	—	—	32600
CALIF ENVIRONMENTAL PROTECTION AGENCY												
Secretary for Environmental Protection												
State Operations	—	—	—	—	—	—	2552	2552	—	4	—	2303
Local Assistance	—	—	—	—	—	—	—	—	—	905	—	—
Totals, Secretary for Environmental Protection	—	—	—	—	—	—	2552	2552	—	909	—	2303
State Air Resources Board												
State Operations	2725	73092	75817	—	3202	—	78410	78410	—	3168	—	87810
Local Assistance	—	7511	7511	—	1571	—	7511	7511	—	—	—	7511
Totals, State Air Resources Board	2725	80603	83328	—	4773	—	85921	85921	—	3168	—	95321
Calif Integrated Waste Management Board												
State Operations	—	22549	22549	—	—	—	54521	54521	—	100	—	64209
Local Assistance	—	5483	5483	—	—	—	5500	5500	—	900	—	9920
Totals, Calif Integrated Waste Management Bd	—	28032	28032	—	—	—	60021	60021	—	1000	—	74129
Department of Pesticide Regulation												
State Operations	—	—	—	—	—	11765	19750	31515	—	1136	12107	21277
Local Assistance	—	—	—	—	—	2438	6571	9009	—	—	2881	6128
Totals, Department of Pesticide Regulation	—	—	—	—	—	14203	26321	40524	—	1136	14988	27405
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Toxic Substances Control	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239	—	2239	8515	—	953	—	953	927	—	953	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Pesticide Regulation	—	—	—	—	—	—	—	—	—	—	—	—
State Water Resources Control Board												
State Operations	37013	9842	46855	9169	23336	35147	89160	124307	12361	40347	34945	97198
Local Assistance	—	6741	6741	48603	83252	—	75	75	83800	160000	—	—
Totals, State Water Resources Control Board	37013	16583	53596	57772	106588	35147	89235	124382	96161	200347	34945	97198
Department of Toxic Substances Control												
State Operations	134	68156	68290	7810	11003	7712	82464	90176	15420	20070	—	82984
Ofc of Environmental Health Hazard Asmt	—	—	—	—	—	3965	1841	5806	—	119	3956	2378
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans-Envir	2239</											

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Local Assistance	—	—	—	259	—	—	—	—	—	—	—	—	—	—	—
Totals, Payment of Interest on PMIA Loans	2239	—	2239	8774	—	953	—	953	927	—	953	—	953	—	—
General Obligation Bonds-Environmental	34671	—	34671	—	—	34711	—	34711	—	—	35913	—	35913	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Mandated Local Costs-Environ	1424	28	1452	—	—	1365	—	1365	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals,	78206	193402	271608	74356	122364	98056	348355	446411	112508	226749	90755	381718	472473	121639	306602
TOTALS, CALIF ENVIRONMENTAL PROTECTION AGENCY	78206	193402	271608	74356	122364	98056	348355	446411	112508	226749	90755	381718	472473	121639	306602
State Operations	76782	173639	250421	25494	37541	94253	328698	422951	28708	64944	87874	358159	446033	16939	56602
Local Assistance	1424	19763	21187	48862	84823	3803	19657	23460	83800	161805	2881	23559	26440	104700	250000
Capital Outlay	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unclassified	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
HEALTH AND WELFARE															
Secretary for Health and Welfare	1473	—	1473	—	2134	1293	—	1293	—	147	1442	—	1442	—	—
State Operations	—	—	—	—	5389	—	25	25	—	6001	—	—	—	—	5538
State Council Developmental Disabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Emergency Medical Services Authority	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	1242	136	1378	—	251	1097	350	1447	—	273	1097	386	1483	—	337
Local Assistance	3056	—	3056	—	1479	2935	—	2935	—	1471	2935	—	2935	—	1411
Totals, Emergency Medical Services Author	4298	136	4434	—	1730	4032	350	4382	—	1744	4032	386	4418	—	1748
Office Statewide Health Planning-Develop	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	1608	26757	28365	—	—	1437	27139	28576	—	—	1437	26437	27874	—	—
Local Assistance	2002	—	2002	—	—	4359	—	4359	—	—	3465	—	3465	—	—
Totals, Office Statewide Health Planning-Dev	3610	26757	30367	—	—	5796	27139	32935	—	—	4902	26437	31339	—	—
Department of Aging	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	4499	—	4499	—	3101	4020	—	4020	—	3723	4019	—	4019	—	3439
Local Assistance	31048	—	31048	—	82386	29441	—	29441	—	85497	29391	—	29391	—	83881
Totals, Department of Aging	35547	—	35547	—	85487	33461	—	33461	—	89220	33410	—	33410	—	87320
Commission on Aging	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	238	—	238	—	234	221	—	221	—	240	221	—	221	—	242
Dept of Alcohol and Drug Programs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	4132	1663	5795	—	17307	6788	2205	8993	—	18913	5956	1739	7695	—	16440
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Alcohol Program	34557	—	34557	—	46471	33404	—	33404	—	48828	33404	—	33404	—	47199
Drug Program	34116	—	34116	—	91725	32427	—	32427	—	99286	32427	—	32427	—	83782

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COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91			Estimated 1991-92			Estimated 1992-93		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Pilot Project Combined Services Program	5758	—	5758	20567	—	20567	21400	—	21400
Total Local Assistance	74431	—	74431	86398	—	86398	87231	—	87231
Totals, Dept of Alcohol and Drug Programs	78563	1663	80226	93186	2205	95391	93187	1739	94926
Child Development Prgms Advisory Committ	243	—	243	233	—	233	234	—	234
Total Department of Health Services	175411	65992	241403	150296	77497	227793	150782	94659	245441
Local Assistance	3994530	32307	4026837	5619160	105585	5724745	4985884	82268	5068152
Medical Assistance Program	1025969	460498	1486467	280318	282912	563230	289544	293371	582915
Public Health Services	—	—	—	3239	—	3239	—	—	—
Cost of Living: Medi-Cal	5020499	492805	5513304	5902717	388497	6291214	5275428	375639	5651067
Total Local Assistance	—	252	252	—	443	443	—	2795	2795
Capital Outlay	5195910	559049	5754959	6053013	466436	6519449	5426210	473093	5899303
Totals, Total Department of Health Services	842	—	842	885	—	885	1035	—	1035
California Medical Assistance Commissio	—	616	616	—	1169	1169	—	1364	1364
State Operations	—	9782	9782	—	73837	73837	—	85202	85202
Major Risk Medical Insurance Board	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—
Totals, Major Risk Medical Insurance Board	—	10398	10398	—	75006	75006	—	86566	86566
Total Dept of Developmental Services	62517	267	62784	65246	298	65544	75689	917	76606
State Operations	571277	3048	574325	613557	2798	616355	656999	2141	659140
Local Assistance	—	10305	10305	—	1183	1183	—	—	—
Capital Outlay	633794	13620	647414	678803	4279	683082	732688	3058	735746
Totals, Total Dept of Developmental Svcs	410735	—	410735	188540	2585	191125	199652	139	199791
Total Dept of Mental Health	544469	32112	576581	38065	41703	79768	65834	2300	68134
State Operations	—	40912	40912	—	2581	2581	—	—	—
Local Assistance	955204	73024	1028228	226605	46869	273474	265486	2439	267925
Capital Outlay	22716	26221	48937	22964	29646	52610	23211	27980	51191
Totals, Total Dept of Mental Health	—	117	117	—	36	36	—	132	132
Employment Development Dept	22716	26338	49054	22964	29682	52646	23211	28112	51323
State Operations	29270	—	29270	29827	—	29827	32279	—	32279
Local Assistance	76785	—	76785	76881	—	76881	79664	—	79664
Totals, Employment Development Dept	106055	—	106055	106708	—	106708	111943	—	111943
Dept of Rehabilitation	103819	328	104147	112310	132	112442	118986	433	119419
State Operations	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—
Totals, Dept of Rehabilitation	—	—	—	—	—	—	—	—	—
Dept of Social Services	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—
Totals, Dept of Social Services	—	—	—	—	—	—	—	—	—

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Local Assistance												
SSI/SSP Grants	2282545	—	2282545	—	21180	2369310	—	2369310	—	30640	2516245	—
Payments for Children	2993680	—	2993680	—	2813268	2908028	—	2908028	—	2952689	2625991	—
Special Adult Programs	2935	—	2935	—	200	2959	—	2959	—	75	2959	—
Social Service Programs	744285	—	744285	—	659879	532617	—	532617	—	727517	541919	—
Refugee Programs	—	—	—	—	36982	—	—	—	—	33997	—	—
Community Care Licensing	8816	—	8816	—	5521	8108	—	8108	—	2733	7534	—
County Administration	188576	—	188576	—	569890	358826	—	358826	—	853295	432241	—
Total Local Assistance	6220837	—	6220837	—	4106920	6179848	—	6179848	—	4600946	6126889	—
Totals, Dept of Social Services	6324654	328	6324982	—	4259993	6292158	132	6292290	—	4774099	6245875	433
State-Local Realignment												
Local Assistance	—	—	—	—	—	—	—	2061576	—	—	—	—
Payment of Interest on PMIA Loans	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	3072	—	—	—	—	560	—	—	—
General Obligation Bonds	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	5210	—	5210	—	—	5062	—	5062	—	—	4908	—
State Mandated Local Costs	—	—	—	—	—	—	—	—	—	—	—	—
Total Assistance	8489	—	8489	—	—	12508	1	12509	—	—	8650	—
TOTALS, HEALTH AND WELFARE	13376846	711313	14088159	3072	13544902	13536928	2713700	16250628	560	18259770	12957434	2957899
State Operations	823955	121980	945935	3072	1134465	590219	141046	731265	560	1245765	620948	154054
Local Assistance	12552891	537747	13090638	—	12410249	12946709	2568411	15515120	—	17011778	12336486	2800918
Capital Outlay	—	51586	51586	—	188	—	4243	4243	—	2227	2927	2927
Unclassified	—	—	—	—	—	—	—	—	—	—	—	—

YOUTH AND ADULT CORRECTIONAL AGENCY

See for Youth and Adult Corrections												
State Operations	894	—	894	—	—	853	—	853	—	—	853	—
Dept of Corrections												
State Operations	2106785	—	2106785	28665	478	2367814	—	2367814	31309	265	2550544	—
Local Assistance												
Transportation of Prisoners	270	—	270	—	—	264	—	264	—	—	264	—
Returning Fugitives	2676	—	2676	—	—	2622	—	2622	—	—	2622	—
Court Costs and County Charges	6690	—	6690	—	—	6553	—	6553	—	—	6553	—
Asst to Counties for Detenn of Parolees	14054	—	14054	—	—	22387	—	22387	—	—	16390	—
Total Local Assistance	23690	—	23690	—	—	31826	—	31826	—	—	25829	—
Capital Outlay	—	—	—	244443	—	—	—	—	175008	—	—	202871
Totals, Dept of Corrections	2130475	—	2130475	273108	478	2399640	—	2399640	206317	265	2576373	235147
Board of Corrections												
State Operations	498	1843	2341	1780	—	512	1967	2479	2231	—	512	1992
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
County Correctional Staff Training	—	13061	13061	—	—	—	10699	10699	—	—	11700	—

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COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
County Correctional Facility Constructn	—	—	—	144060	—	—	—	—	198012	—	—	188942
Total Local Assistance	—	13061	13061	144060	—	—	10699	10699	198012	—	—	188942
Totals, Board of Corrections	498	14904	15402	145840	—	512	12666	13178	200243	—	512	13692
Board of Prison Terms												
State Operations	12261	—	12261	—	—	11351	—	11351	—	—	11351	—
Youthful Offender Parole Board												
State Operations	3221	—	3221	—	—	3070	—	3070	—	—	3368	—
Dept of Youth Authority												
State Operations	304439	—	304439	642	1070	323308	—	323308	416	1246	326460	477
Local Assistance												
Transportation of Wards	23	—	23	—	—	92	—	92	—	—	92	—
Delinquency Prevention	2306	—	2306	—	—	—	—	—	—	—	—	—
Asst to Counties for Detenm of Parolees	3705	—	3705	—	—	3596	—	3596	—	—	3596	—
County Justice Subvention Program	34298	—	34298	—	—	—	—	—	—	—	—	—
Regional Youth Education Centers	500	—	500	—	—	—	—	—	—	—	—	—
County Correction Facil -Juvenile Facil	—	—	—	11222	—	—	—	—	19528	—	—	19481
Total Local Assistance	40832	—	40832	11222	—	3688	—	3688	19528	—	3688	19481
Capital Outlay	—	—	—	14413	—	—	—	—	11902	—	—	6933
Totals, Dept of Youth Authority	345271	—	345271	26276	1070	326996	—	326996	31846	1246	330148	26891
Robert B Presley Institute												
State Operations	398	—	398	—	—	382	—	382	—	—	382	—
Payment of Interest on PMIA Loans												
Local Assistance	—	—	—	11070	—	—	—	—	9453	—	—	8120
Capital Outlay	—	—	—	19355	—	—	—	—	6616	—	—	3745
Totals, Payment of Interest on PMIA Loans	—	—	—	30425	—	—	—	—	16069	—	—	11865
General Obligation Bonds												
State Operations	238443	—	238443	—	—	319520	—	319520	—	—	358779	—
TOTALS, YOUTH AND ADULT												
CORRECTIONAL AGENCY	2731461	14904	2746365	475649	1548	3082324	12666	3074990	454475	1511	3281766	465098
State Operations	2666939	1843	2668782	31087	1548	3026810	1967	3028777	33956	1511	3252249	35006
Local Assistance	64522	13061	77583	166351	—	35514	10699	46213	226993	—	29517	216543
Capital Outlay	—	—	—	278211	—	—	—	—	193526	—	—	213549
Unclassified	—	—	—	—	—	—	—	—	—	—	—	—

EDUCATION

K thru 12 Education	—	—	—	—	—	1808	—	1808	—	—	2021	—
See fr Child Dev & Education, K-12	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	5000	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Totals, See fr Child Dev & Education, K-12	—	—	—	—	—	1808	—	1808	—	—	7021	—

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Higher Education												
Cal Postsecondary Education Commission												
State Operations	3471	—	3471	—	213	3028	—	3028	—	257	3013	—
Local Assistance	—	—	—	—	3025	—	—	—	—	5533	—	—
Totals, Cal Postsecondary Education Comm	3471	—	3471	—	3238	3028	—	3028	—	5790	3013	—
Total University of California												
State Operations	2135733	33005	2168738	3000	3073451	2105560	27908	2133468	—	3246755	2136627	12808
Capital Outlay	—	—	—	105710	—	—	—	—	71783	—	—	139942
Totals, Total University of California	2135733	33005	2168738	108710	3073451	2105560	27908	2133468	71783	3246755	2136627	12808
Hastings College of Law												
State Operations	13531	—	13531	70	—	13621	—	13621	—	—	13672	—
California State University												
State Operations	1653400	367232	2020632	7182	180104	1640167	412102	2052269	11833	185975	1663357	408423
Capital Outlay	—	—	—	118151	—	—	—	—	124977	—	—	—
Totals, California State University	1653400	367232	2020632	125333	180104	1640167	412102	2052269	136810	185975	1663357	408423
California Maritime Academy												
State Operations	6830	—	6830	—	404	7064	—	7064	—	401	7028	—
Capital Outlay	—	—	—	60	—	—	—	—	—	—	—	125
Totals, California Maritime Academy	6830	—	6830	60	404	7064	—	7064	—	401	7028	125
Council for Private Postsecn & Voc Educ												
State Operations	—	1311	1311	—	453	—	2836	2836	—	1191	—	2853
Student Aid Commission												
State Operations	3631	104	3735	—	362868	3157	107	3264	—	324006	3786	117
Local Assistance	157032	—	157032	—	11708	169927	—	169927	—	11096	171277	—
Totals, Student Aid Commission	160663	104	160767	—	374576	173084	107	173191	—	335102	175063	117
Payment of Interest on PMIA Loans												
Capital Outlay	—	—	—	10851	—	—	—	—	5353	—	—	200
General Obligation Bonds												
State Operations	66225	—	66225	—	—	92647	—	92647	—	—	100999	—
Totals, Higher Education	4039853	401652	4441505	245024	3632226	4035171	442953	4478124	213946	3775214	4099759	424201
TOTALS, EDUCATION	20097986	450405	20548391	1603484	5381201	23318387	497347	23815734	622820	5768932	24005308	424886
State Operations	4297148	419702	4716850	10612	3668144	4416111	459001	4876012	12763	3814952	4578007	440094
Local Assistance	15000638	30703	15631541	1306484	1713057	18902276	37446	18939722	288302	1953980	19427301	-15208
Capital Outlay	—	—	—	286388	—	—	—	—	321755	—	—	—
Unclassified	—	—	—	—	—	—	—	—	—	—	—	—
GENERAL GOVERNMENT												
General Administration												
Office of Criminal Justice Planning												

GENERAL GOVERNMENT

General Administration

Office of Criminal Justice Planning

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
State Operations	4652	2251	6903	—	1869	4653	2454	7107	—	2761	4653	2548
Local Assistance	49376	16979	66355	—	43637	51145	14527	65672	—	56295	48145	14051
Totals, Office of Criminal Justice Planning Comm on Peace Officer Standards & Train	54028	19230	73258	—	45506	55798	16981	72779	—	59056	52798	16599
State Operations	—	11170	11170	—	—	—	12424	12424	—	—	—	13690
Local Assistance	—	33495	33495	—	—	—	26342	26342	—	—	—	29257
Totals, Comm on Peace Officer Stds & Train	—	44665	44665	—	—	—	38766	38766	—	—	—	42947
State Public Defender	10119	—	10119	—	—	9435	—	9435	—	—	9717	—
Pay to Court for Cost of Homicide Trial	1682	—	1682	—	—	3719	—	3719	—	—	4000	—
Commission for Economic Development	580	—	580	—	—	541	—	541	—	—	541	—
State Operations	2740	—	2740	—	349	2458	—	2458	—	458	2458	—
Local Assistance	12996	—	12996	—	639	12413	—	12413	—	656	12413	—
Totals, California Arts Council	15736	—	15736	—	988	14871	—	14871	—	1114	14871	—
Native American Heritage Commission	284	—	284	—	3	285	—	285	—	—	285	—
Agricultural Labor Relations Board	6211	—	6211	—	—	5669	—	5669	—	—	5669	—
Public Employment Relations Board	6244	—	6244	—	—	5337	—	5337	—	—	5337	—
Dept of Industrial Relations	127243	19512	146755	—	18906	119875	25982	145857	—	18892	111260	25750
State Operations	7622	—	7622	—	—	7065	—	7065	—	—	7065	—
Department of Personnel Administration	—	—	—	—	—	91	—	91	—	—	91	—
CA Citizens Compensation Commission	3716	2459	6175	—	—	3720	2000	5720	—	—	3372	3415
Subsequent Injuries	430	—	430	—	—	663	—	663	—	—	663	—
Disaster Service Workers	—	1105	1105	—	—	—	1409	1409	—	—	—	1495
State Operations	—	426	426	—	—	—	461	461	—	—	—	532
Board of Chiropractic Examiners	—	972	972	—	—	—	1507	1507	—	—	—	1800
Board of Osteopathic Examiners	—	235	235	—	—	—	336	336	—	—	—	371
Board of Pilot Commissioners	—	7933	7933	—	—	—	8438	8438	—	—	—	8432
State Operations	—	285	285	—	—	—	315	315	—	—	—	345
California Auctioneer Commission	—	—	—	—	—	—	—	—	—	—	—	—
California Horse Racing Board	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
California Exposition and Fairs	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued

(dollars in thousands)

	Actual 1990-91			Estimated 1991-92			Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Total Department Food and Ag ...										
State Operations	74350	67347	141697	—	2681	49892	61444	111336	—	820
Local Assistance	11293	44924	56217	—	—	6664	45485	52149	—	—
Capital Outlay	2252	879	3131	—	—	—	449	449	—	—
Totals,Total Department Food and Ag ...	87895	113150	201045	—	2681	56556	107378	163934	—	820
Fair Political Practices Commission										
State Operations	5751	—	5751	—	—	5181	—	5181	—	—
Political Reform Act of 1974										
State Operations	—	—	—	—	—	—	—	—	—	—
Public Utilities Commission										
State Operations	—	72822	72822	—	162	—	80435	80435	—	177
Capital Outlay	—	—	—	—	—	—	140	140	—	—
Totals,Public Utilities Commission	—	72822	72822	—	162	—	80575	80575	—	177
Board of Control										
State Operations	785	80114	80899	—	15444	12715	72840	85555	—	15808
Commission on State Finance										
State Operations	874	—	874	—	—	843	—	843	—	—
Comm on Calif State Govt Org & Economy										
State Operations	568	—	568	—	—	533	—	533	—	—
Membership in Interstate Organizations										
State Operations	1073	—	1073	—	—	1114	—	1114	—	—
Commission on the Status of Women										
State Operations	580	—	580	—	—	546	—	546	—	—
California Law Revision Commission										
State Operations	626	—	626	—	—	553	—	553	—	—
Commission on Uniform State Laws										
State Operations	85	—	85	—	—	129	—	129	—	—
Department of Finance										
State Operations	27169	—	27169	—	—	28675	—	28675	—	—
Commission on State Mandates										
State Operations	537	—	537	—	—	591	—	591	—	—
Local Assistance	-1	—	-1	—	—	1	—	1	—	—
Totals,Commission on State Mandates ...	536	—	536	—	—	592	—	592	—	—
Office of Administrative Law										
State Operations	2946	—	2946	—	—	2554	—	2554	—	—
Department of Economic Opportunity										
State Operations	85	—	85	—	7384	76	—	76	—	7305
Local Assistance	—	—	—	—	110574	—	—	—	—	96792
Totals,Department of Economic Oppor ..	85	—	85	—	117958	76	—	76	—	104097
Military Department										
State Operations	22133	73	22206	—	21565	19596	120	19716	—	24961
Capital Outlay	—	527	527	—	41134	—	1707	1707	—	21482

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds
Unclassified	—	—	—	—	319500	—	—	—	—	331200	—	—
Totals, Military Department	22133	600	22733	—	382199	19596	1827	21423	—	373133	19281	1486
Totals, General Administration	385001	363508	748509	—	583847	356732	358815	715547	—	616500	331510	367821
Local Government Aid												
Tax Relief												
Local Assistance												
Senior Citizens Property Tax Assistance	3252	—	3252	—	—	2804	—	2804	—	—	2278	—
Senior Citizens Property Tax Deferral ..	9115	—	9115	—	—	10080	—	10080	—	—	12000	—
Senior Citizens Renters Tax Assistance	16713	—	16713	—	—	14347	—	14347	—	—	11707	—
Homeowners' Property Tax Relief	355043	—	355043	—	—	358250	—	358250	—	—	361800	—
Subventions for Open Space	13564	—	13564	—	—	13920	—	13920	—	—	14400	—
Renters' Tax Relief	561928	—	561928	—	—	399000	—	399000	—	—	30000	—
Substandard Housing	293	—	293	—	—	380	—	380	—	—	288	—
Total Local Assistance	959908	—	959908	—	—	798781	—	798781	—	—	432473	—
Local Government Financing												
Local Assistance												
Shared Revenues	25895	—	25895	—	—	25138	—	25138	—	—	7300	5000
Apportionment Hwy Prop Rental Receipts												
Local Assistance	—	2639	2639	—	—	—	3500	3500	—	—	—	—
Apportionment Off Highway License Fees												
Local Assistance	—	783	783	—	—	—	786	786	—	—	—	785
Apportionment Fed Receipts Flood Control												
Local Assistance	—	—	—	—	285	—	—	—	—	300	—	—
Apportionment Fed Receipts Forest Res												
Local Assistance	—	—	—	—	64161	—	—	—	—	64000	—	—
Apportionment Fed Receipts Grazing Land												
Local Assistance	—	—	—	—	133	—	—	—	—	135	—	—
Apportionment Fed Potash Lease Rentals												
Local Assistance	—	—	—	—	3377	—	—	—	—	3400	—	—
Apportionment of Trailer Coach Fees												
Local Assistance	—	12928	12928	—	—	—	12342	12342	—	—	—	11649
Apportionment Motor Vehicle License Fee												
Local Assistance	—	2069937	2069937	—	—	—	2128588	2128588	—	—	—	2204619
Apportionment Cigarette Tax												
Local Assistance	—	54786	54786	—	—	—	19565	19565	—	—	—	—
Apportionment Tideland Revenues												
Local Assistance	203	—	203	—	—	200	—	200	—	—	200	—
Apportionment for County Roads												
Local Assistance	—	274159	274159	—	—	—	291731	291731	—	—	—	290946
Apportionment for City Streets												
Local Assistance	—	199935	199935	—	—	—	210019	210019	—	—	—	211509
Apportionment County Road & City Street												
Local Assistance	—	125579	125579	—	—	—	133061	133061	—	—	—	131372
Apportionment for Streets and Highway												
Local Assistance	—	140494	140494	—	—	—	215292	215292	—	—	—	248462

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Apportionment of Geothermal Res Develop												
Local Assistance	—	3412	3412	—	—	—	2667	2667	—	—	—	2667
Totals, Shared Revenues	203	2884652	2884855	—	67956	200	3017551	3017751	—	67835	200	3105509
Totals, Local Government Aid	986006	2884652	3870658	—	67956	824119	3017551	3841670	—	67835	439973	3105509
Debt Service												
Payment of Interest on Gen Fund Loans	217693	—	217693	—	—	292000	—	292000	—	—	225000	—
State Operations	217693	—	217693	—	—	292000	—	292000	—	—	225000	—
Totals, Debt Service	217693	—	217693	—	—	292000	—	292000	—	—	225000	—
Statewide Distributed Costs												
State Mandated Local Costs	19834	2693	22527	—	—	26262	2543	28805	—	—	26425	—
Local Assistance	28596	—	28596	—	—	30602	—	30602	—	—	31030	—
General Obligation Bonds	28596	—	28596	—	—	30602	—	30602	—	—	31030	—
State Operations	48430	2693	51123	—	—	56864	2543	59407	—	—	57455	—
Totals, Statewide Distributed Costs	227696	—	227696	—	—	280063	—	280063	—	—	341675	—
Statewide Expenditures and Savings												
Health Benefits for Annuitants	5487	2853	8340	—	12	1777	1646	3423	6	20	5007	1
State Operations	60000	-11118	48882	—	—	—	35460	35460	—	—	—	—
Eqty Clm Bd Control, Sltnmts by Justice	—	—	—	—	—	6000	2000	8000	—	—	6000	2000
State Operations	1399	87	1486	—	34	1445	150	1595	—	4	1445	150
SF-Oakland Bay Bridge & I-880 Disast Fnd	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Augmentation for Employee Compensation	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Specified Attorney Fees	—	—	—	—	—	—	—	—	—	—	—	—
State Operations	339	—	339	—	—	—	—	—	—	—	—	—
Federal Levy of State Funds	—	—	—	—	—	—	—	—	—	—	—	—
Unclassified	—	—	—	—	—	—	—	—	—	—	—	—
Reserve for Contingencies or Emergency	—	—	—	—	—	1500	1500	3000	—	—	1500	1500
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Unallocated Capital Outlay	—	300	300	—	—	—	300	300	—	—	354	300
Capital Outlay	-75983	—	-75983	—	—	—	—	—	—	—	—	—
Reserve for Encumbrances	-149272	70	-149202	—	—	-169048	261	-168787	—	—	-184335	345
Statewide Gen. Adm Exp -Pro Rata	-23932	—	-23932	—	—	-31323	—	-31323	—	—	-36256	—
General Fund Credits From Federal Funds	-168271	-64232	-232503	—	—	-550000	—	-550000	—	—	-210000	—
Various Retirement Savings Proposals	—	—	—	—	—	-15000	-10000	-25000	—	—	-10000	-8000
State Operations	—	—	—	—	—	-115000	—	-115000	—	—	-90000	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Estimated Unidentifiable Savings	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Estimated Unidentifiable Savings	—	—	—	—	—	-130000	-10000	-140000	—	—	-100000	-8000

Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND
FISCAL YEARS 1990-91, 1991-92, AND 1992-93--Continued
(dollars in thousands)

	Actual 1990-91				Estimated 1991-92				Estimated 1992-93			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds
Revenue Bond Debt Refinancing												
State Operations	—	—	—	—	—	-45000	—	-45000	—	—	-15000	—
Reorganizing & Downsizing State Govt	—	—	—	—	—	—	—	—	—	—	-25000	—
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Salary Reductions	—	—	—	—	—	-73700	-32300	-106000	—	—	-147500	-64700
State Operations	—	—	—	—	—	—	—	—	—	—	—	—
Various Departments	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Statewide Expenditures and Savings	-122537	-72040	-194577	—	46	-708286	-983	-709269	6	24	-362110	-68404
TOTALS, GENERAL GOVERNMENT	1514593	3178813	4693406	—	651849	821429	3377926	4199355	6	684359	691828	3404926
State Operations	446369	205482	651651	—	66409	11443	233422	244865	6	70323	243560	205577
Local Assistance	1141616	2971625	4113241	—	222806	809986	3141908	3951894	—	265017	447914	3195684
Capital Outlay	2252	1706	3958	—	41134	—	2596	2596	—	17919	354	3665
Unclassified	-75644	—	-75644	—	319500	—	—	—	—	331200	—	—
GRAND TOTAL	10154088	4240414	14394502	100366	5336828	9951169	4802522	14753691	99764	5673345	10724593	5004546
State Operations	30175726	3924481	34100207	1866548	14883944	33731334	6398128	40129462	1465954	19961263	33092015	6840103
Local Assistance	9411	371824	381235	652328	943593	35710	426543	462253	763204	1049642	354	586820
Capital Outlay	-75644	25976	-49668	—	319500	—	30300	30300	—	331200	—	32600
Unclassified	40263581	8562695	48826276	2619242	21483855	43718213	11657493	55375706	2328922	26915450	43816962	12464069
BUDGET ACT TOTALS	39123591	4101705	43225296	345335	17374485	42482968	4840517	47323485	361799	22499447	41673105	5258360
State Operations	9306958	3454540	12761498	57271	2175581	9363726	4379289	13743015	50156	2271955	9596055	4612328
Local Assistance	29816633	396521	30213154	109805	14597957	33086242	243954	33330196	166080	19574030	32077050	294679
Capital Outlay	—	250644	250644	178259	600947	33000	217274	250274	145563	653462	—	351353
STATUTORY APPROPRIATIONS	179262	3514634	3693896	1561581	83876	671683	5922091	6593774	1084715	164443	732664	6391469
State Operations	92160	430710	522870	18844	3751	37920	402515	440435	15223	3343	17642	446828
Local Assistance	87102	3057948	3145050	1482141	80125	633763	5488276	6122039	958410	161100	714668	5912041
Capital Outlay	—	—	—	60596	—	—	1000	1000	111082	—	354	—
Unclassified	—	25976	25976	—	—	—	30300	30300	—	—	—	32600
CONSTITUTIONAL APPROPRIATIONS	872042	—	872042	—	—	1188156	—	1188156	—	—	1501289	—
State Operations	872042	—	872042	—	—	1188156	—	1188156	—	—	1501289	—
OTHER APPROPRIATIONS	88686	946356	1035042	712326	4025494	-624594	894885	270291	882408	4251560	-90096	814240
State Operations	-117072	355164	238092	24251	3157496	-638633	20718	-617915	34385	3398047	-390393	-54610
Local Assistance	271991	470012	742003	274602	205898	11329	665898	677227	341464	126133	300297	633383
Capital Outlay	9411	121180	130591	413473	342636	2710	208269	210979	506559	396180	235467	235467
Unclassified	-75644	—	-75644	—	319500	—	—	—	—	331200	—	—

Schedule 9A

**PROPOSITION 98 GUARANTEE
FISCAL YEARS 1990-91, 1991-92, 1992-93**

(Dollars in thousands)

	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>
Part 1—General Fund Appropriations			
OTHER STATE AGENCIES			
HEALTH AND WELFARE			
Department of Developmental Services.....	\$16,468	\$16,662	\$17,785
YOUTH AND ADULT CORRECTIONAL			
Department of the Youth Authority	29,551	32,644	33,570
EDUCATION			
Department of Education—			
State Special Schools.....	14,912	15,656	15,813
Indian Education Centers.....	1,530	1,530	1,530
GENERAL GOVERNMENT			
Employee Compensation	—	— 1,300	— 2,600
Totals, Other State Agencies	\$62,461	\$65,192	\$66,098
K-12 EDUCATION			
DEPARTMENT OF EDUCATION			
Adult Education	\$290,140	\$302,094	\$309,194
Apportionments, County Offices.....	139,795	124,130	117,583
Apportionments, District.....	10,351,533	10,424,519	10,473,070
Apportionments applied toward 1991-92 guarantee per Chapters 42 and 76, Statutes of 1991.....	— 1,233,000	1,233,000	—
Apportionments applied toward 1992-93 guarantee per pending legislation.....	—	— 183,295	183,295
Apportionments applied toward 1989-90 guarantee per Chapter 75, Statutes of 1991.....	— 133,800	—	—
Apportionments, ROCP	240,651	248,496	258,585
Attendance Improvement Grants.....	—	—	20,000
Child Development	210,300	265,374	331,477
Child Nutrition.....	45,046	56,349	62,696
Class Size Reduction.....	30,994	31,000	31,000
Cost of Living Adjustment.....	—	—	322,046
COLA applied toward 1988-89 Guarantee.....	— 21,644	—	—
COLA Reappropriated from 1989-90	— 10,090	—	—
Desegregation.....	516,790	514,331	488,803
Drugs and Tobacco Use Prevention Education	—	4,000	4,000
Native American Indian Education	410	410	410
Instructional Materials	128,885	134,174	154,825
Intersegmental Programs.....	—	—	28,240
Special Education	1,430,829	1,486,020	1,576,557
School Based Mental Health Services.....	—	9,677	20,000
Specialized Instruction and School Improvement	690,509	756,263	885,433
Staff Development.....	98,207	104,491	121,657
Supplemental Grants.....	185,400	185,400	185,400
Transportation	332,682	343,682	343,682
Vocational Education.....	4,956	4,956	7,213
Year-Round School.....	35,693	93,324	52,274
State Mandated Local Costs	119,872	174,770	256,185
School Facilities Aid Program.....	72,781	90,097	127,136
Prop 98 Reserve (K-12)	—	48,748	200,000
STUDENT AID COMMISSION			
CAL-SOAP	—	—	500
GENERAL GOVERNMENT			
Office of Criminal Justice Planning.....	26,470	26,470	26,470
COMMISSION ON TEACHER CREDENTIALING			
Paraprofessional Training.....	—	—	500
Totals, K Thru 12 Education	\$13,553,409	\$16,478,480	\$16,588,231

Schedule 9A—Continued

PROPOSITION 98 GUARANTEE

FISCAL YEARS 1990-91, 1991-92, 1992-93

(Dollars in thousands)

	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>
CALIFORNIA COMMUNITY COLLEGES			
Apportionments for Community Colleges.....	\$1,539,304	\$1,524,846	\$1,686,519
Board of Control Claim	—	— 5	—
GAIN, Section 22	—	4,600	—
State Support—Academic Senate	379	379	489
Extended Opportunity Program	47,879	53,289	59,006
Disabled Students.....	33,356	31,706	33,925
Instructional Improvements	736	736	736
Deferred Maintenance and Special Repairs	8,681	8,681	—
Underrep. Students/Vocational Training	1,270	1,270	220
Foster Parent Training Programs.....	—	—	202
Transfer Centers	264	—	—
Transfer Education and Articulation	7,670	1,039	1,843
Hazardous Substances.....	8,000	8,000	8,000
Matriculation	38,413	39,212	41,957
Faculty and Staff Diversity	1,859	1,859	1,859
Faculty and Staff Development	4,900	4,900	4,900
Accountability/Management Information Systems	375	—	6,500
Portables for LA Southwest.....	—	—	856
Academic Standards and Evaluation	50	—	—
Economic Development.....	5,256	5,256	7,306
Reserve	—	—	10,000
State Mandated Local Costs	15,496	7,798	1,470
Totals, Community Colleges.....	<u>\$1,713,888</u>	<u>\$1,693,566</u>	<u>\$1,865,788</u>
Total Appropriations	\$15,329,758	\$18,237,238	\$18,520,117

Part Two—Guarantee

<i>Revenues and Transfers</i>	<i>Reference to Schedule</i>	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
General Fund revenues	8	\$37,801,000	\$42,790,000	\$45,305,000
Less non-tax revenues	13-B	— 793,000	— 708,000	— 603,000
Plus SAL ¹ transfers	13-C	1,000	77,000	1,000
Total General Fund SAL Revenues and Transfers		\$37,009,000	\$42,159,000	\$44,703,000
K thru 14 Minimum Percentage Share of SAL Revenues and Transfers (Test 1)		40.330%	40.330%	40.330%
Proposition 98 Guarantee if based on Test 1.....		14,925,730	17,002,725	18,028,720
Proposition 98 Guarantee if based on Test 2.....		16,923,868	18,237,238	18,520,117
Proposition 98 Guarantee if based on Test 3.....		15,321,974	N/A	N/A
Proposition 98 Guarantee		15,321,974 ²	18,237,238	18,520,117
(Test)		(3)	(2)	(2)
Proposition 98 Appropriations ³	9A	\$15,329,758	\$18,237,238	\$18,520,117

¹ State Appropriations Limit, Article XIII B.

² In a Test 3 year, K-14 is entitled to a Maintenance Factor.

³ Includes reserves, if any.

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993
(dollars in thousands)

Fund	Reserves June 30, 1990	Actual Income 1990-91	Actual Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992	Estimated Income 1992-93	Estimated Expenditures 1992-93	Reserves June 30, 1993
GENERAL FUND	791,144	38,213,522	40,263,578	-1,258,912	43,633,283	43,718,206	-1,343,835	45,673,065	43,816,962	512,268
SPECIAL FUNDS										
SPECIAL ACCOUNTS:										
Property Acquisition Law Money Account	1,022	1,334	1,889	467	1,103	1,301	269	1,048	1,265	52
Motor Vehicle Parking Facility Money Act	1,524	3,174	2,850	1,848	3,183	4,745	286	4,992	4,813	465
Access for Handicapped Account	2,723	566	1,100	2,189	-664	1,509	16	1,839	1,463	392
Attorney General Antitrust Account	5	1,244	481	768	150	502	416	150	503	63
Hazardous Waste Control Account	14,072	39,867	51,792	2,147	59,747	58,434	3,460	55,029	57,508	981
Subsequent Injuries Money Account	773	2,401	2,459	715	2,401	2,000	1,116	3,316	3,415	1,017
Fingerprint Fees Account	-965	17,262	14,408	1,889	18,868	20,638	119	20,190	20,271	38
Emergency Telephone Number Act, State	-1,726	65,896	52,230	11,940	43,380	55,312	8	66,780	63,099	3,689
Farm Labor Contractors Special Account	278	20	26	272	27	50	249	27	50	226
Motor Vehicle Insurance Account, State	1,353	13,150	11,826	2,677	14,054	15,296	1,435	14,918	16,114	239
Tax Relief and Refund Account	—	—	128	-128	—	56	-184	—	—	-184
Nuclear Planning Assessment Special Ac	-162	2,309	2,001	146	2,527	2,527	146	2,611	2,611	146
County School Service Fd Contingency Ac	35	—	35	—	—	—	—	—	—	—
Agricultural & Forestry Residue Util Ac	15	-30	-15	—	—	—	—	—	—	—
Energy Conservation Assistance Ac, State	17,056	-2,735	2,237	12,084	-5,628	3,064	3,392	170	3,553	9
Geothermal Resources Development Account	758	5,205	5,963	—	4,667	4,667	—	4,667	4,667	—
Surface Mining and Reclamation Account	1,015	2,000	2,093	922	2,094	2,094	828	2,000	2,095	733
Special Account for Capital Outlay	105,449	-3,904	85,567	15,978	50,701	90,512	-23,833	55,699	23,825	8,041
Occupational Lead Poisoning Prev Act/GF	—	—	—	—	800	293	507	1,600	1,445	662
Auditor General Fund	847	—	—	847	—	—	847	—	—	847
Small Water Systems Account	—	—	—	—	—	—	—	8,250	7,833	417
Large Water Systems Account	—	—	—	—	4,250	3,924	326	4,250	3,916	660
Commodity Merchant Account	—	113	—	113	226	315	24	—	—	24
Local Revenue Fund	—	—	—	—	274	274	—	364	364	—
Vehicle License Fee Account	—	—	—	—	711,934	711,934	—	711,934	711,934	—
Sales Tax Growth Account	—	—	—	—	—	—	—	6,589	6,589	—
Vehicle License Fee Growth Account	—	—	—	—	—	—	—	43,977	43,977	—
Mine Reclamation Account	—	—	—	—	1,016	989	27	1,016	915	128
Seismic Hazard Identification Fund	—	—	—	—	1,388	1,355	33	2,273	1,690	616
Real Estate Appraisers Regulation Fund	—	741	232	509	4,260	1,680	3,089	500	1,212	2,377
Clean Fuels Account	134	—	-41	175	—	175	—	—	—	—
Hazardous Waste Mgmt Planning Subaccount	61	4	51	14	—	—	14	—	—	14
Local Jurisdiction Energy Assistance	15,304	441	4,578	11,167	6	10,049	1,124	17	633	508
Air Toxics Inventory and Assessment Act	351	3,033	2,827	557	3,172	3,393	336	3,724	3,952	108
Solid Waste Disp Site Cleanup & Maintn Ac	1,815	21,033	8,301	14,547	20,600	18,633	16,514	20,600	18,857	18,257
Underground Storage Tank Tester Account	-31	93	62	—	207	207	—	284	268	16
Assistance for Fire Equipment Act, State	150	22	5	167	40	100	107	40	100	47
Supercomputer Center Account	—	2,000	2,000	—	2,000	2,000	—	—	—	—
Underground Storage Tank Cleanup Fund	9,578	15,465	5,996	19,047	62,700	70,664	11,083	67,700	77,385	1,398
Petro Underground Storage Tank Financ Act	3,106	4,257	964	6,399	4,782	6,879	4,302	5,194	6,927	2,569
Seismic Gas Valve Cert Fee Act	—	—	—	—	89	89	—	84	84	—
Manufactured Home License Fee Account	—	15,085	15,085	—	14,500	14,500	—	13,900	13,900	—

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1990</i>	<i>Actual Income 1990-91</i>	<i>Actual Expenditures 1990-91</i>	<i>Actual Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>	<i>Estimated Income 1992-93</i>	<i>Estimated Expenditures 1992-93</i>	<i>Reserves June 30, 1993</i>
Elevator Safety Account	978	3,166	3,725	419	3,415	3,834	—	3,903	3,903	—
Pressure Vessel Account	131	2,630	2,645	116	3,880	3,841	155	3,880	3,862	173
Hazardous Substance Subaccount	17,742	44,403	45,272	16,873	43,907	47,838	12,942	39,361	47,323	4,980
Mortgage Bd & Tax Credit Alloc Fee Act	671	2,965	1,029	2,607	2,963	1,694	3,876	2,963	1,694	5,145
Site Operation and Maintenance Account	2,503	144	120	2,527	50	2,526	51	50	99	2
Dealers' Record of Sale Act	579	3,248	3,206	621	8,642	7,959	1,304	9,629	8,051	2,882
Public Util Comm Transport Reimb Act	7,148	5,235	4,505	7,878	7,436	7,507	7,807	9,006	10,512	6,301
Publ Utilities Comm Utilities Reimb Act	8,225	45,770	43,384	10,611	47,870	48,433	10,048	49,870	49,997	9,921
R. Z'berg Urban Open Space Rec Prog Act	1,550	—	514	1,036	—	508	528	—	528	—
Energy Resources Programs Account	9,789	39,323	42,291	6,821	37,390	41,861	2,350	41,264	43,046	568
State Fair Police Special Account, Calif	74	30	20	84	30	50	64	40	80	24
Narc Assist & Relinquish Crim Offend Fd	7	522	521	8	526	527	7	528	529	6
Special Financing Account	156	—	—	156	—	156	-156	—	—	—
Vietnam Veterans Memorial Account	448	305	41	712	50	712	50	3	2	51
Underground Storage Tank Fund	2,006	733	961	1,778	1,316	1,195	1,899	1,316	1,169	2,046
Gaming Registration Fee Account	233	256	155	334	292	292	334	293	298	329
Mosquito-borne Disease Surveillance Act	34	15	26	23	24	36	11	25	25	11
Energy Tech Research, Dev. & Demo Act	3,594	1,760	3,005	2,349	-637	1,000	712	600	1,300	12
Garment Manufacturers Special Account	107	-57	—	50	—	50	—	50	50	—
Surface Impoundment Assessment Account	408	1,773	1,620	561	2,608	3,158	11	1,584	1,465	130
Armory Discretionary Improvement Account	198	67	73	192	120	120	192	150	150	192
Emergency Clean Water Grant Fund	1,944	3	416	1,531	—	1,528	3	—	—	3
Financial Responsibility Penalty Account	8,288	-8,288	—	—	—	—	—	—	—	—
Veterans Memorial Account	—	253	—	253	42	89	206	375	154	427
Boxer's Neurological Examination Account	99	363	298	164	316	384	96	333	388	41
Hazardous Material Waste Enforc Tng Fd	—	5	—	5	5	—	10	5	—	15
Developmental Disabilities Services Act	209	77	60	226	17	85	158	17	60	115
Local Govt Geothermal Resource Subacct	4,481	2,551	2,893	4,139	2,003	2,879	3,263	2,004	4,003	1,264
Higher Education Fees and Income-CSU	—	362,790	362,790	—	408,521	408,521	—	408,423	408,423	—
STATE TRANSPORTATION FUND:										
Aeronautics Account STF	2,516	6,088	7,458	1,146	6,229	7,304	71	5,558	5,394	235
Highway Account, State, STF	94,584	1,661,230	1,640,347	115,467	1,962,307	1,944,539	133,235	2,018,699	2,148,020	3,914
Motor Vehicle Account, STF	38,156	919,042	930,858	26,340	996,275	1,022,089	526	1,125,497	1,088,992	37,031
Bicycle Lane Account, STF	292	486	669	109	490	540	59	490	540	9
Transport Planning & Develop Act, STF	21,793	139,672	119,513	41,952	147,291	158,515	30,728	157,140	172,111	15,757
Abandoned Railroad Account, STF	350	16	—	366	-366	—	—	—	—	—
Local Airport Loan Account	1,241	2,100	2,167	1,174	1,200	1,700	674	1,200	1,700	174
New Motor Vehicle Board Account	373	1,603	1,104	872	1,866	1,289	1,449	1,963	1,504	1,908
Seismic Safety Retrofit Account, STF	77,516	6,940	17,730	66,726	-6,940	19,570	40,216	8,007	35,007	13,216
TRANSPORTATION TAX FUNDS:										
Motor Vehicle Fuel Account, TTF	22,249	111,864	34,636	99,477	186,199	39,111	246,565	56,359	42,386	260,538
Highway Users Tax Account, TTF	—	740,367	740,367	850,687	850,687	—	883,041	883,041	—	—
Motor Vehicle License Fee Account, TTF	28,847	2,222,370	2,218,801	32,416	2,273,700	2,296,116	10,000	2,379,700	2,379,700	10,000
FEEDER FUNDS:										
Cigarette Tax Fund	10,020	61,283	62,495	8,808	28,100	27,908	9,000	1,479	10,479	—

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1990</i>	<i>Actual Income 1990-91</i>	<i>Actual Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>	<i>Estimated Income 1992-93</i>	<i>Estimated Expenditures 1992-93</i>	<i>Reserves June 30, 1993</i>
OTHER GOVERNMENTAL COST FUNDS:										
Rail Accident Prevention & Response Fund	—	—	—	—	600	—	600	-600	—	—
Hazardous Spill Prevention Act, RAPRF	—	—	—	—	—	—	—	3,000	3,000	600
Corporations Fund, State	—	—	—	—	—	—	—	29,254	27,468	1,786
Barbering/Cosmetology Conting Fd, Bd of	—	—	—	—	1,378	—	1,378	8,252	6,666	2,964
Resources License Plate Fund	—	—	—	—	—	—	—	63	—	63
Tissue Bank License Fund	—	—	—	—	—	—	—	380	336	44
Childhood Lead Poisoning Prevention Fund	—	—	—	—	—	—	—	5,500	4,757	743
Radon Contractor Certification Fund	—	—	—	—	—	—	—	45	24	21
Used Oil Recycling Fund, California	—	—	—	—	—	—	—	13,252	12,752	500
Oil Refinery & Chem Plant Safety Fd, Cal	—	—	—	—	—	—	—	500	402	98
Pesticide Regulation Fund, Dept of	—	—	—	—	—	—	—	22,628	25,621	2,773
Acupuncturists Fund	709	749	835	623	30,377	24,611	5,766	1,101	899	362
Agriculture Act, AG Fund	45,039	88,799	80,807	53,031	61,962	73,009	41,984	73,524	75,149	40,359
Agricultural Pest Control Research Acct	521	48	229	340	21	372	-11	10	379	-380
Missing Children Reward Fund	24	—	—	24	2	2	22	—	2	20
Auctioneer Commission Fund	450	213	235	428	135	336	227	178	371	34
Air Pollution Control Fund	805	8,847	8,465	1,187	8,676	9,183	680	8,803	9,265	218
Alcoholic Beverage Control Appeals Fund	332	541	445	428	538	523	443	538	508	473
Animal Health Technician Exam Comm Fund	129	100	114	115	35	120	30	105	135	—
School Building Program Account-Apb Fund	14,536	9,513	9,751	14,293	6,313	13,213	7,398	11,144	11,144	7,398
Hospital Building Account-Apb Fund	6,669	11,855	18,031	493	17,524	15,541	2,476	15,365	15,883	1,958
Hosp Plan Chk Act, Apb Fund	1,518	3,987	2,772	2,733	-369	1,537	827	-815	12	—
Rural Economic Development Fund	12,412	-4,967	4,115	3,330	-1,569	-90	1,851	384	921	1,314
Agricultural Export Promotion Act, CA	75	85	75	85	81	15	151	81	15	217
Water Device Certification Special Act	24	50	74	—	85	63	22	105	54	73
AWOL Abatement Program Fund	3	—	—	3	—	—	3	—	—	3
Foster and Small Family Insurance Fund	422	—	62	360	—	-223	583	—	—	583
Beverage Container Recycling Fund, CA	4,990	283,055	288,045	—	261,437	261,437	—	297,683	297,683	—
Redemption Act,Beverage Contn Recycl Fd	63,502	-9,839	32,424	21,239	24,209	14,150	31,298	84,422	22,500	93,220
AIDS Vaccine Research Develop Grant Fd	2,333	—	1,507	826	—	703	123	—	119	4
Banking Fund, State	7,709	17,454	14,807	10,356	12,059	15,722	6,693	15,532	16,175	6,050
Vital Record Improvement Project Fund	13,398	4,622	2,493	15,527	-6,313	1,999	7,215	6,354	1,789	11,780
Drinking Driver Program Licensing Trust	305	1,532	1,114	723	1,500	1,636	587	1,501	1,167	921
Environmental License Plate Fund, Calif	14,636	22,630	34,057	3,209	26,784	24,469	5,524	27,628	30,412	2,740
Soil Conservation Fund	83	1,110	1,077	116	1,110	1,118	108	1,110	1,118	100
Health Data & Planning Fund, CA	2,929	8,106	7,692	3,343	8,706	9,948	2,101	9,511	9,464	2,148
Water Fund, California	-245	3,997	4,083	-331	10,357	9,280	746	4,519	3,601	1,664
Commerce Marketing Fund	15	4	—	19	3	—	22	4	—	26
Capital Outlay Fd for Public Higher Educ	2,331	—	—	2,331	—	—	2,331	—	—	2,331
Unitary Fund, California	24	5,564	5,564	24	300	324	—	1,000	1,000	—
Chiropractic Examiners Fund	134	1,100	1,105	129	1,570	1,409	290	1,570	1,495	365
Collection Agency Fund	1,610	1,016	1,374	1,252	684	1,549	387	1,640	1,798	229
Assembly and Senate, Contingent Funds Of	21	—	—	21	—	—	21	—	—	21
Continuing Care Provider Fee Fund	87	316	243	160	311	236	235	322	239	318
Outer Cont Shelf Land Act Sec 8g Rev Fund	7,705	-5,516	2,189	—	7,990	7,990	—	14,592	14,592	—
Delinquent Tax Collection Fund	1	389	389	1	1,205	1,205	1	1,205	1,205	1
Structural Pest Control Research Fund	174	64	—	238	111	349	—	90	90	—

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1990</i>	<i>Actual Income 1990-91</i>	<i>Actual Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>	<i>Estimated Income 1992-93</i>	<i>Estimated Expenditures 1992-93</i>	<i>Reserves June 30, 1993</i>
Debt Limit Allocation Committee Fund, Cal	576	754	390	940	429	423	946	448	393	1,001
Corrections Training Fund	3,938	13,518	14,904	2,552	10,499	12,666	385	13,821	13,692	514
Debt Advisory Commission Fund Calif	2,181	812	1,100	1,893	804	1,349	1,348	804	1,271	881
Developmental Disabilities Prog Dev Fund	2,140	1,858	3,255	743	2,371	3,036	78	2,352	2,368	62
Competitive Technology Fund	6,432	971	-5,564	12,967	-2,202	1,751	9,014	945	1,781	8,178
Dispensing Opticians Fund	275	63	147	191	238	201	228	45	223	50
Delta Flood Protection Fund	4,852	12,000	11,890	4,962	10,000	14,944	18	12,000	12,000	18
Food Safety Fund	660	1,526	2,013	173	2,300	2,307	166	2,450	2,477	139
Driver Training Penalty Assessment Fund	—	912	912	—	909	909	—	973	973	—
Environmental Laboratory Improvement Fnd	38	1,149	1,187	—	1,940	1,807	133	1,940	1,957	116
Registered Nurse Education Fund	636	614	584	666	660	1,202	124	660	683	101
Electromagnetic Field Study Fd,Hlth Svcs	7	—	—	7	—	—	7	—	—	7
Environmnt Enhanc & Mitigat Demo Prgm Fd	1,992	7,268	7,768	1,492	10,000	9,996	4	10,000	9,987	17
Employment Development Dept Benefit Audit	-1,852	21,422	18,570	1,000	7,292	7,917	867	7,445	8,011	301
Energy and Resource Fund	667	-175	—	492	-74	—	1,000	20,118	20,101	1,017
Fair and Exposition Fund	6,101	27,749	27,266	6,584	27,109	28,238	5,455	27,006	28,247	4,214
Satellite Wagering Account	10,483	14,641	9,079	16,045	9,566	13,720	11,891	14,597	13,720	12,768
Waste Discharge Permit Fund	—	2,781	1,098	1,683	7,350	7,215	1,818	11,053	11,053	1,818
Asset Forfeiture Distribution Fund	2,229	1,638	2,704	1,163	1,629	2,792	—	5,072	1,966	3,106
Fire and Arson Training Fund, Calif	87	1,663	1,394	356	1,468	1,468	356	1,468	1,523	301
Fireworks Licensing Fund, California	264	419	279	404	406	444	366	407	497	276
Fish and Game Preservation Fund	8,346	66,222	59,544	15,024	69,912	69,494	15,442	80,245	83,649	12,038
Fisheries Restoration Account	1,074	37	165	946	37	—	983	37	—	1,020
Genetic Disease Testing Fund	5,006	29,484	32,908	1,582	38,165	39,721	26	48,837	48,816	47
Geology and Geophysics Fund	390	551	379	52	562	467	43	576	526	93
Fish & Wildlife Pollut Clup & Abate Acc	1,693	134	187	1,640	134	1,036	738	134	443	429
Hearing Aid Dispensers Fund	173	391	378	186	383	540	29	582	611	—
Hazardous Liquid Pipeline Safety Calif	889	1,382	1,491	780	1,325	1,689	416	1,295	1,625	86
Waterfowl Habitat Preservation Acct, Cal	1,469	1,184	—	2,653	260	188	2,725	260	195	2,790
Native Species Conserv & Enhancement Acc	—	121	121	—	121	121	—	121	121	—
Restitution Fund	43,524	59,934	82,608	20,850	54,531	75,381	—	69,094	69,094	—
Industrial Development Fund	3,644	418	413	3,649	418	463	3,604	418	415	3,607
Insurance Fund	104	351	452	3	400	394	9	400	401	8
Workplace Health & Safety Revolving Fund	—	65,057	66,319	19,762	82,815	76,374	26,203	84,474	82,365	28,312
Workers' Comp Administration Revolv Fund	—	495	—	495	630	600	525	630	600	555
Food Safety Account-Agriculture Fund	—	13,464	11,406	2,058	15,704	14,866	2,896	15,704	14,527	4,073
Environmental Protection Trust Fund	435	1,352	1,188	599	1,489	1,710	378	1,489	1,784	83
Tire Recycling Management Fund, Calif	700	185	303	582	1,120	1,702	—	1,180	1,088	92
Low-Level Radioactive Waste Disposal Fnd	—	2,395	790	1,605	3,175	3,298	1,482	3,175	3,576	1,081
Business Fees Fund, Secty of State's	—	1,256	1,127	129	1,150	1,052	227	1,550	1,488	289
Cigarette & Tobacco Products Surtax Fund	—	468	—	—	—	—	—	15,795	12,165	3,630
Health Ed Acct, Cig & Tob Pr Surtax	89,594	118,961	162,465	46,090	81,723	115,779	12,034	103,805	109,944	5,895
Hospital Svc Acct, Cig & Tob Pr Surtax	15,192	191,194	200,521	5,865	159,506	161,604	3,767	153,445	148,298	8,914
Physician Svc Acct, Cig & Tob Pr Surtax	5,928	55,637	54,860	6,705	31,979	37,497	1,187	26,877	25,456	2,608
Research Acct, Cig & Tob Pr Surtax	4,997	30,671	33,607	2,061	27,978	28,583	1,456	25,126	25,329	1,253
Public Res Acct, Cig & Tob Pr Surtax	21,102	28,201	33,951	15,352	15,991	25,611	5,732	18,526	21,299	2,959

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued
(dollars in thousands)

Fund	Reserves June 30, 1990	Actual Income 1990-91	Actual Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992	Estimated Income 1992-93	Estimated Expenditures 1992-93	Reserves June 30, 1993
Unallocated Acct, Cig & Tob Pr Surtax	68,993	124,019	149,227	43,785	114,901	144,097	14,589	78,268	86,274	6,583
Local Agency Deposit Fund	74	242	262	54	245	256	43	304	304	34
Loc Pub Prosecutors & Pub Defenders Trng	403	889	985	307	905	1,079	133	905	880	158
Methadone Program Licensing Trust Fund	67	597	549	115	655	569	201	708	572	337
Environmental Water Fund	—	1,000	820	180	1,200	1,188	192	11,000	8,000	3,192
Mobilehome Park Revolving Fund	261	3,325	3,230	356	4,232	4,168	420	4,232	4,281	371
Long Term Management Strategy Study Fund	—	—	—	—	—	—	—	227	227	—
Emergency Svcs Disast Adm Suppt Ac Ofc Of	172	82	4,687	-4,433	81	-3,522	-830	171	-1,044	385
Publ Fac & Loc Agency Disastr Resps Acc	27,882	1,713	32,467	-2,872	1,312	-49,438	47,878	3,041	23,520	27,399
Street and Highway Account-NDA Fund	6,496	433	3,667	3,262	470	-3,182	6,914	622	1,569	5,967
Earthquake Emergency Invest Acct-NDA Fd	1	—	-2	3	—	—	3	—	—	3
Nursing Home Admin St Lic Exam Bd Fund	236	633	332	537	-26	409	102	635	422	315
Off Highway License Fee Fund	472	784	783	473	785	786	472	785	785	472
Habitat Conservation Fund	1,215	17,579	9,872	8,922	28,895	35,008	2,809	26,013	25,923	2,899
Off Highway Vehicle Fund	13,516	15,844	20,290	9,070	36,912	30,732	15,250	27,681	36,274	6,657
Osteopathic Examiners Contingent Fund	683	510	426	767	-261	461	45	502	532	15
Conservation & Enforcement Svcs Ac-Offlv Fd	3,935	-436	—	3,499	-3,499	—	—	—	—	—
Exposition Park Improvement Fund	1,024	1,573	566	2,031	2,424	3,070	1,385	2,094	2,164	1,315
Peace Officers Training Fund	8,322	42,312	44,672	5,962	32,804	38,766	—	42,947	42,947	—
Glass Processing Fee Account	—	6,421	4,867	1,554	33,880	33,880	1,554	26,447	27,050	951
Residential Care Facility for Elderly Fd	—	—	—	—	260	119	141	170	194	117
Hazardous & Idle-Deserted Well Abate Fnd	—	—	—	—	50	50	—	50	50	—
Physicians Assistant Fund	786	397	457	726	356	637	445	375	668	152
Recycling Market Development Rev Loan	—	—	—	—	5,000	5,000	—	5,000	5,000	—
Bay Protection and Toxic Cleanup Fund	—	—	—	—	2,439	2,439	11	4,000	3,975	36
Residential Earthquake Recovery Fund, CA	—	—	—	—	155,712	155,712	—	311,425	311,425	—
Pilot Commissioners Fund	103	1,209	972	340	1,506	1,507	339	1,660	1,800	199
Podiatry Fund	584	990	622	952	498	1,078	372	940	1,247	65
Professional Forester Registration Fund	81	162	146	97	173	163	107	173	162	118
Asbestos Consultant Certification Fund	—	—	—	—	400	299	101	400	299	202
Private Postsecond & Vocatn Ed Adm Fnd	438	3,235	2,799	874	—	2,964	1,357	3,447	2,970	1,834
Perinatal Insurance Fund	—	—	—	—	44,803	40,323	4,480	57,615	56,333	5,762
Psychology Fund	527	1,381	1,457	451	1,545	1,787	209	2,038	2,073	174
Traumatic Brain Injury Fund	124	500	470	154	500	500	154	500	500	154
Emergency Medical Services Personnel Fnd	122	335	136	321	335	350	306	323	386	243
Major Risk Insurance Fund	—	—	10,398	8,254	30,000	34,683	3,571	30,000	30,233	3,338
Diesel Emission Reduction Fund	18,652	—	—	—	361	64	297	770	437	630
Resident Care Facility Elder Adm Cert Fd	—	23	23	—	—	—	—	—	—	—
Real Estate Fund	29,549	23,241	24,996	27,794	10,479	30,483	7,790	23,390	28,153	3,027
Respiratory Care Fund	831	952	764	1,019	293	1,019	293	1,019	1,170	142
Oil Spill Prevention & Administration Fd	—	16,872	6,332	10,540	24,306	19,412	15,434	25,060	17,109	23,385
Oil Spill Response Trust Fund	—	51,325	—	51,325	2,396	—	53,721	2,581	—	56,302
Electronic and Appliance Repair Fund	791	1,316	1,291	816	799	1,245	370	1,218	1,365	223
Reg Environmental Health Specialist Fund	297	147	137	307	257	266	298	180	193	—
Savings Association Spec Regulatory Fund	4,378	3,820	3,663	4,535	2,517	3,806	3,246	2,091	3,826	1,511
School Fund, State	—	15,438	15,438	—	26,968	26,968	—	16,969	16,969	—
School Building Lease-Purchase Fund, St	—	—	—	—	—	—	—	-20,000	-20,000	—
School Building Safety Fund	—	437	437	—	494	494	—	494	494	—

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1990</i>	<i>Actual Income 1990-91</i>	<i>Actual Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>	<i>Estimated Income 1992-93</i>	<i>Estimated Expenditures 1992-93</i>	<i>Reserves June 30, 1993</i>
School Land Bank Fund	4,091	3,082	3	7,170	-4,986	—	2,184	5,450	—	7,634
Senate Contingent Fund	2,312	—	1,929	383	—	—	383	—	—	383
Mental Health Subaccount, Sales Tax Act	—	—	—	—	700,677	700,677	—	741,785	—	—
Social Services Subaccount, Sales Tax Act	—	—	—	—	488,220	488,220	—	516,863	—	—
Health Subaccount, Sales Tax Account	—	—	—	—	160,895	160,895	—	207,289	—	—
Caseload Subacct, Sales Tax Growth Act	—	—	—	—	—	—	—	32,291	—	—
Indigent Hlth Subacct,Sales Tx Growth Ac	—	—	—	—	—	—	—	4,025	—	—
Comm Health Subacct,Sales Tax Growth Act	—	—	—	—	—	—	—	9,856	—	—
Mental Health Subaccount,Sales Tx Growth	—	—	—	—	—	—	—	3,185	—	—
St Hosp Mental Hlth Subacct,Sales Tx Gro	—	—	—	—	—	—	—	5,654	—	—
Co Medical Svc Subacct,Sales Tax Growth	—	—	—	—	—	—	—	2,577	—	—
Mandates Claims Fund, State	1,832	—	267	1,565	—	1	1,564	—	—	1,564
General Growth Subacct,Sales Tax Growth	—	—	—	230,796	-155,284	—	—	49,611	—	—
Disaster Relief Fund	-87,345	318,757	616	35,460	—	2,937	72,575	-70,179	—	2,396
SF-Oakland Bay Bridge & Cypress Disast Fd	24,342	—	-11,118	—	—	35,460	—	—	—	—
Speech Pathology & Audio Exam Comm Fund	415	60	270	205	428	—	341	38	—	76
Higher Education Earthquake Account 1987	902	—	850	52	—	52	—	—	—	—
Denial Auxiliary Fund, State	173	849	774	248	973	977	244	1,390	1,002	632
Integrated Waste Management Act	4,072	27,476	19,323	12,225	24,387	34,060	2,552	33,834	35,136	1,250
Parks and Rec Act, St, Parks & Rec Fd	7,565	65,885	65,046	8,404	67,860	74,330	1,934	67,860	69,791	3
Fines & Forfeitures Act, Parks & Rec Fd	1,066	351	377	1,040	350	805	585	350	421	514
Self-Insurance Plans Fund	619	2,020	1,258	1,381	1,762	2,048	1,095	1,762	2,058	799
State Police Fund, California	251	72	137	186	65	113	138	71	113	96
Strong Motion Instrumentation Spec Fund	4,231	3,729	3,895	4,065	3,865	3,470	4,460	3,865	3,520	4,805
Structural Pest Cntrl Educ&Enforcemt Fd	198	137	190	145	115	208	52	205	208	49
Tax Preparers Fund	659	1,031	912	778	846	1,299	325	1,096	1,368	53
Teacher Credentials Fund	3,273	8,564	9,836	2,001	10,102	12,103	—	10,046	9,892	154
Test Development and Admin Act, Tc Fd	1,520	4,315	3,746	2,089	2,922	3,846	1,165	3,629	3,611	1,183
Transcript Reimbursement Fund	5	301	306	—	354	296	58	358	295	121
Transportation Rate Fund	9,007	12,014	20,418	603	20,880	21,242	241	21,380	20,790	831
Vehicle Inspection and Repair Fund	14,889	65,995	73,394	7,490	76,050	80,452	3,088	86,586	80,285	9,389
Victim Witness Assistance Fund	4,751	16,205	17,183	3,773	11,974	14,836	911	15,762	15,553	1,120
Wildlife Restoration Fund	1,699	1,156	1,750	1,105	1,106	1,548	663	802	1,416	49
Winter Recreation Fund	18	60	74	4	85	89	—	85	85	—
PROFESSIONS AND VOCATIONS FUNDS:										
Accountancy Fund	3,089	8,857	4,879	7,067	1,861	7,137	1,791	8,957	9,177	1,571
Architectural Examiners Fd, Cal St Bd Of	1,586	3,259	3,554	1,291	3,616	3,952	955	3,235	4,190	—
Barber Exam Fd, St Bd Trans to 069 12/91	982	201	961	222	777	999	—	—	—	—
Cemetery Fund	402	321	321	402	106	367	141	317	364	94
Contractors License Fund	37,566	33,004	34,239	36,331	7,004	34,534	8,801	32,921	37,712	4,010
Cosmetology Cont Fd, Trans to 069 12/91	1,080	3,920	4,271	729	4,121	4,850	—	—	—	—
Dentistry Fund, State	1,360	3,073	3,624	809	4,300	4,087	1,022	5,247	4,050	2,219
Funeral Directors and Embalmers Fund, St	250	551	596	205	728	796	137	695	793	39
Home Furnish & Thermal Insular Fd, Burea	1,690	2,580	2,215	2,055	1,179	2,609	625	2,782	2,789	618
Dry Cleaning Account	151	16	50	117	20	60	77	15	60	32
Landscape Architects Fund, Cal St Bd of	430	525	460	495	367	691	171	579	597	153
Medical Quality Assurance, Contingent Fd	7,392	21,084	19,223	9,253	22,753	26,396	5,610	27,595	28,436	4,769

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1990, 1991, 1992 AND 1993--Continued

(dollars in thousands)

Fund	Reserves June 30, 1990	Actual Income 1990-91	Actual Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992	Estimated Income 1992-93	Estimated Expenditures 1992-93	Reserves June 30, 1993
Physical Therapy Fund	496	545	660	381	499	820	60	823	883	—
Registered Nursing Fund, Board of	4,470	7,913	9,049	3,334	9,591	10,759	2,166	12,389	10,335	4,220
Optometry Fund, State	800	309	577	532	486	814	204	581	785	—
Pharmacy Board Contingent Fund	4,561	4,118	3,061	5,618	-1,408	3,435	775	3,657	3,837	595
Private Investigator and Adjuster Fund	4,746	3,668	4,876	3,538	3,561	5,799	1,300	5,088	6,386	2
Professional Engineer & Land Surveyor Fd	2,706	5,883	4,895	3,694	2,062	4,912	844	7,157	5,482	2,519
Shorthand Reporters Fund	647	421	359	709	167	447	429	386	465	350
Behavioral Science Examiners Fund	708	3,103	2,697	1,114	3,075	3,508	681	4,751	3,789	1,643
Structural Pest Control Fund	3,758	1,407	2,544	2,621	423	2,352	692	2,187	2,363	516
Veterinary Examiners Contingent Fund, Bd	1,053	860	730	1,183	-127	845	211	773	921	63
Vocational Nurses Account	1,752	2,900	3,385	1,267	2,593	3,088	772	3,564	3,339	997
Psychiatric Technicians Account	624	760	872	512	684	956	240	844	1,012	72
UNSPECIFIED SPECIAL FUNDS:										
Augmentation for Employee Compensation	—	—	—	—	—	2,000	-2,000	—	2,000	-4,000
Payment of Specified Attorney Fees	—	—	—	—	—	15	-15	—	150	-165
Reserve for Contingencies or Emergency	—	—	—	—	—	1,500	-1,500	—	1,500	-3,000
Salary Reductions	—	—	—	—	—	-32,300	32,300	—	-64,700	97,000
Various Retirement Savings Proposals	—	—	-47,000	47,000	—	—	47,000	—	—	47,000
UNCLASSIFIED										
Bank and Corporation Tax Fund	—	—	122	-122	—	512	-634	—	—	-634
Personal Income Tax Fund	—	—	6	-6	—	2	-8	—	—	-8
Retail Sales Tax Fund	—	—	158	-158	—	1	-159	—	—	-159
TOTALS, SPECIAL FUNDS	1,290,338	8,810,338	8,562,703	1,537,973	11,282,570	11,657,487	1,163,056	12,370,780	12,464,069	1,069,767
GRAND TOTALS	2,081,482	47,023,860	48,826,281	279,061	54,915,853	55,375,693	-180,779	58,043,845	56,281,031	1,582,035

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY¹
(Dollars in thousands)

Fund No.	Title Nongovernmental Cost Funds	June 30, 1990				June 30, 1991			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
PUBLIC SERVICE ENTERPRISE FUNDS									
500	S.F. Bay Bridges—North	\$3	\$3,174	\$101,376	\$104,553	\$3	\$3,175	\$116,315	\$119,493
501	California Housing Finance Fund	15	601,063	294,890	895,968	18	658,696	321,598	980,312
502	California Water Resources Development Bond Fund	103	—	165,955	166,058	102	—	133,973	134,075
503	California National Guard Members Farm and Home Fund of 1978	5	2,270	4,151	6,426	5	2,270	4,087	6,362
505	Affordable Student Housing Revolving Fund	—	—	972	972	—	—	1,259	1,259
506	Central Valley Water Project Construction Fund	245	524,364	128,238	652,847	237	513,636	256,367	770,240
507	Central Valley Water Project Revenue Fund	1,055	34,852	206,425	242,332	1,069	53,638	203,425	258,132
510	California Exposition and State Fair Enterprise Fund	1	—	6,957	6,958	1	—	7,296	7,297
512	Compensation Insurance Fund	10	4,134,456	73,597	4,208,063	10	4,668,935	72,567	4,741,512
513	First-time Home Buyer Fund	1,203	267	—	1,470	1,215	43	—	1,258
514	Employment Training Fund	1	—	196,964	196,965	1	—	190,384	190,385
515	Harbor Bond Sinking Fund	578	—	—	578	—	—	—	—
516	Harbors and Watercraft Revolving Fund	500	—	62,518	63,018	500	—	75,968	76,468
518	Health Facility Construction Loan Insurance Fund	—	—	76,484	76,484	—	—	89,942	89,942
519	California Maritime Academy Continuing Education	10	—	20,019	20,019	—	—	20,691	20,691
523	East Bay State Building Authority Fund	—	52,721	52,729	52,729	—	21,667	21,667	21,667
524	Los Angeles State Building Authority Revenue Fund	1	—	105,641	105,658	16	—	57,915	57,931
525	High Tech Education Revenue Bond Fund	17	—	8,910	8,910	1	—	6,833	6,834
530	Mobilehome Park Purchase Fund	16	—	16	16	20	—	—	20
535	California Main Street Program Fund	1	—	21,381	21,382	1	—	24,859	24,860
536	San Diego-Coronado Toll Revenue Fund	1	—	175	200	25	—	190	215
542	San Francisco-Oakland Bay Bridge Toll Revenue Fund	25	—	—	—	—	—	—	—
553	San Francisco Seawall Sinking Fund No. 3	—	—	32	33	—	—	32	33
559	Small Craft Harbor Bond Fund	1	—	1,666	1,677	1	—	1,924	1,935
560	Small Craft Harbor Improvement Fund	11	—	195,337	195,338	11	—	251,109	251,110
562	State Lottery Fund	1	—	—	14,186	14,771	—	14,771	14,771
565	State Coastal Conservancy Fund	14,186	—	—	273	354	—	—	354
568	Tahoe Conservancy Fund	273	—	—	4,987	9,425	—	—	9,425
571	Uninsured Employers Account	4,987	—	—	—	—	—	—	—
573	State University and Colleges Continuing Education Revenue Fund	51	—	38,997	39,048	50	—	45,611	45,661
575	State University and Colleges Dormitory Building Maintenance and Equipment Reserve Fund	9	—	48,344	48,353	13	—	83,027	83,040
576	State University and Colleges Dormitory Construction Fund	476	—	111,758	112,234	387	—	88,185	88,572
578	State University and Colleges Dormitory Interest and Re- demption Fund	—	—	—	—	—	—	—	—
580	State University and Colleges Dormitory Revenue Fund	20	—	30,599	30,619	22	—	34,653	34,675
581	State University and Colleges Facilities Revenue Fund	686	—	92,142	92,828	688	—	80,313	81,001
583	State University and Colleges Parking Revenue Fund	—	—	538	538	—	—	—	—
586	San Francisco Bay Bridges, South	2	54,282	5,849	5,849	—	30,900	6,224	6,224
588	Unemployment Compensation Disability Fund	11	—	149,219	203,503	4	—	168,550	199,454
590	Veterans Debenture Revenue Fund	2	174,652	832,480	832,491	11	—	577,414	577,425
591	Indemnity—Veterans Fund	2	—	1,568	176,222	1	125,055	12,348	137,404
592	Veterans Farm and Home Building Fund of 1943	109	764,821	4,206	4,206	—	—	5,093	5,093
596	Vincent Thomas Bridge Toll Revenue Fund	—	—	1,261,290	2,026,220	110	578,003	1,310,825	1,888,938
	Total, Public Service Enterprise Funds	\$24,614	\$6,346,922	\$4,254,415	\$10,625,951	\$29,073	\$6,656,018	\$4,254,655	\$10,939,746
WORKING CAPITAL AND REVOLVING FUNDS									
601	Agriculture Building Fund	—	—	\$436	\$436	—	—	\$1,078	\$1,078
602	Architecture Revolving Fund	\$103,495	—	—	103,495	\$134,844	—	—	134,844
603	California Fairs Insurance Fund	—	—	—	—	—	—	—	—
604	Armory Fund	—	937	—	937	—	—	169	169
605	Ballot Paper Revolving Fund	343	—	—	343	335	—	947	948
617	State Water Pollution Control Fund	60	—	—	60	1	—	—	—
630	General Obligation Bond Expense Revolving Fund	15	—	—	15	81	—	—	81
632	Health and Welfare Agency Data Center Revolving Fund	—	—	10,665	10,665	—	—	12,551	12,551
635	Rural Predevelopment Loan Fund	—	—	3,267	3,267	—	—	1,889	1,890
648	Mobilehome Manufactured Home Revolving Fund	—	—	1,068	1,068	1	—	47	48

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY ¹—Continued
(Dollars in thousands)

Fund No.	Title Nongovernmental Cost Funds	June 30, 1990				June 30, 1991			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
652	Old Age and Survivors Insurance Revolving Fund.....	15,214	—	—	15,214	2,482	—	—	2,482
660	Public Building Construction Fund.....	18	—	—	18	35	—	—	35
661	Public School District Organization Revolving Fund.....	214	\$131,476	381,917	513,411	227	\$90,758	328,639	419,432
662	Revolving Loan Fund.....	9	—	—	9	14	—	—	14
664	Primary Care Risk Pool.....	—	—	—	—	—	—	500	500
665	Rehabilitation Revolving Loan Guarantee Fund.....	—	—	385	385	—	—	414	415
666	Service Revolving Fund.....	1,792	—	—	1,792	5,130	—	—	5,130
667	Rural Health Service Reinsurance Account.....	1,000	—	—	1,000	—	—	—	—
669	Supported Employment Revenue Loan Guarantee Account.....	1	—	262	263	1	—	284	285
670	State Clean Water Grants Administration Revolving Fund.....	254	—	—	254	254	—	—	254
671	Rural Health Services Account.....	2,712	—	—	2,712	—	—	788	788
672	Child Health/Disability Prevention Treatment Fund.....	—	—	—	—	—	—	4,130	4,131
673	Passenger Equipment Acquisition Fund.....	—	—	2,155	2,155	—	—	2,313	2,314
675	State Payroll Revolving Fund.....	720,727	—	—	720,727	717,340	—	—	717,340
676	Ridesharing Vanpool Revolving Loan & Grant Fund.....	—	—	—	—	—	—	8,141	8,141
678	Prison Industries Revolving Fund.....	—	—	54	54	—	—	9,254	9,254
679	State Water Quality Control Fund.....	1	—	17,557	17,558	—	—	21,447	21,447
681	Surplus Money Investment Fund.....	9,007,979	—	—	9,007,979	9,228,854	—	—	9,228,854
682	Inmate Construction Revolving Account.....	17,949	—	—	17,949	25,165	—	—	25,165
683	Stephen P. Teale CDC Revolving Fund.....	—	—	261	261	—	—	94	94
684	New Industries Revolving Account.....	1	—	1,362	1,363	—	—	1,303	1,303
687	Donated Food Revolving Fund.....	1	—	2,277	2,278	—	—	190	190
689	California Disaster Housing Rehabilitation Fund.....	1	—	63,331	63,332	—	—	27,395	27,395
691	Water Resources Revolving Fund.....	50	—	6,403	6,453	50	—	6,358	6,408
692	Water Resources Control Board Revolving Fund.....	110	—	—	110	111	—	—	111
693	Disproportionate Share and Emergency Services Fund.....	—	—	41,600	41,600	—	—	75,720	75,720
694	Petro Financing Collection Account.....	—	—	—	—	—	—	16	16
695	Grant and Loan Collection Account.....	—	—	—	—	505	—	—	505
698	Home Purchase Assistance Fund.....	1	—	5	6	—	—	40	40
702	Consumer Affairs Fund.....	100	—	7,236	7,336	100	—	15,271	15,371
704	Accountancy Fund.....	25	—	4,098	4,123	26	—	7,444	7,470
706	Architectural Examiners.....	5	—	2,528	2,533	25	—	1,968	1,993
713	Barber Examiners' Fund.....	25	—	937	962	26	—	291	317
714	Home Building and Rehabilitation Fund.....	43,660	—	—	43,660	66,694	—	—	66,694
717	Cemetery Fund.....	10	—	373	383	10	—	384	394
731	California Alternative Energy Authority Fund.....	170	—	—	170	107	—	—	107
735	Contractors License Fund.....	51	—	35,034	35,085	50	—	31,931	31,981
738	Cosmetology Contingent Fund.....	26	—	1,491	1,517	25	—	729	754
741	Dentistry Fund.....	26	—	1,855	1,881	25	—	772	797
750	Funeral Directors' and Embalming Fund.....	10	—	238	248	11	—	326	337
752	Bureau of Home Furnishings and Thermal Insulation Fund.....	25	—	1,647	1,672	26	—	2,055	2,081
753	Dry Cleaning Account.....	1	—	141	142	1	—	116	117
757	Landscape Architects Fund.....	25	—	515	540	26	—	537	563
758	Medical Quality Assurance.....	26	—	8,360	8,386	26	—	6,427	6,453
759	Physical Therapy Fund.....	26	—	510	536	25	—	420	445
761	Registered Nursing Fund.....	26	—	5,291	5,317	26	—	3,090	3,116
763	Optometry Fund.....	25	—	841	866	25	—	546	571
764	Clean Water and Water Reclamation Fund.....	1	—	25,225	25,226	—	—	5,436	5,436
767	Pharmacy Board Contingent Fund.....	25	—	4,442	4,467	26	—	5,235	5,261
769	Private Investigator Fund.....	25	—	5,503	5,528	25	—	4,818	4,843
770	Professional Engineers and Land Surveyors.....	25	—	3,839	3,864	25	—	4,683	4,708
771	Shorthand Reporters Fund.....	25	—	663	688	25	—	646	671
773	Behavioral Science Examiners.....	10	—	852	862	11	—	1,297	1,308
775	Structural Pest Control.....	11	—	3,666	3,677	11	—	2,768	2,779
777	Veterinary Examiners.....	11	—	1,032	1,043	10	—	1,156	1,166
779	Vocational Nurse Account.....	10	—	1,942	1,952	11	—	1,182	1,193
780	Psychiatric Tech Account.....	11	—	827	838	10	—	753	763
814	California State Lottery Fund.....	—	—	911	911	—	—	962	963
822	Public Employees Health Care.....	—	—	98,204	98,204	—	—	136,770	136,771
	Total, Working Capital and Revolving Funds.....	\$9,916,363	\$131,476	\$752,143	\$10,799,982	\$10,182,844	\$90,758	\$741,720	\$11,015,322

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY ¹—Continued
(Dollars in thousands)

Fund No.	Title Nongovernmental Cost Funds	June 30, 1990			June 30, 1991				
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
BOND FUNDS									
703	Clean Air and Transportation Improvement Fund.....	—	—	—	—	\$259	—	—	\$259
707	California Safe Drinking Water Fund.....	\$10,569	—	\$3,910	\$14,479	5,907	—	\$7,920	13,827
708	School Facilities Bond Act, November 1990.....	—	—	—	—	1	—	19,729	19,730
710	Hazardous Substance Cleanup Fund.....	1	—	17,855	17,856	1	—	6,165	6,166
711	1986 County Correctional Facilities Capital Expenditure Fund.....	—	—	—	—	—	—	—	—
716	Community Parklands Fund.....	1	—	21,029	21,030	1	—	16,187	16,188
718	Health Science Facilities Construction Program Fund.....	—	—	15,576	15,576	—	—	5,220	5,220
719	California School Finance Authority Fund.....	—	—	2,157	2,157	1	—	2,341	2,342
720	Lake Tahoe Acquisition Fund.....	1	—	696	697	1	—	778	779
721	Parklands Fund of 1980.....	1	—	10,432	10,433	1	—	7,412	7,413
722	Parkland Fund of 1984.....	9,044	—	9,044	9,044	2,806	—	2,806	2,806
723	New Prison Construction Fund.....	81,180	—	—	81,180	34,097	—	—	34,097
724	1984 Prison Construction Fund.....	2,204	—	—	2,204	896	—	—	896
725	County Jail Capital Expenditure Fund.....	216	—	—	216	108	—	—	108
727	1984 County Jail Capital Expenditure Fund.....	—	—	25,635	25,636	1	—	26,185	26,186
728	Recreation & Fish & Wildlife Enhancement Fund.....	1,121	—	1,716	1,716	1,115	—	1,880	1,880
729	Senior Center Bond Act Fund.....	4,204	—	—	4,204	1,689	—	—	1,689
730	State Coastal Conservancy Fund of 1984.....	9,991	—	—	9,991	4,364	—	—	4,364
732	State Beach, Park, Recreational and Historical Facilities Fund.....	—	—	—	—	—	—	—	—
733	State Beach, Park, Recreational and Historical Facilities Fund of 1974.....	242	—	—	242	196	—	—	196
734	State Clean Water Fund.....	5,348	—	—	5,348	4,094	—	—	4,094
736	State Construction Program Fund.....	6,781	—	—	6,781	166	—	—	166
737	State Clean Water and Water Conservation Fund.....	935	—	—	935	935	—	—	935
739	State School Building Aid Fund.....	6,704	—	—	6,704	4,101	—	—	4,101
740	State Clean Water Bond Fund of 1984.....	40,112	—	—	40,112	27,520	—	—	27,520
742	State, Urban, and Coastal Park Fund.....	992	—	—	992	797	—	—	797
743	State School Building Lease-Purchase Fund.....	3,647	—	—	3,647	630	—	5,604	6,401
744	Water Conservation, Water Quality Bond Fund of 1986.....	1	—	60,861	60,862	1	—	32,662	32,663
746	1986 Prison Construction Fund.....	1	—	17,563	17,564	1	—	15,426	15,427
747	Prison Construction Fund.....	1	—	45,280	45,281	2	—	13,898	13,900
748	Fish and Wildlife Habitat Enhancement.....	2	—	137,196	137,198	3	—	191,499	191,502
751	1990 Prison Construction Bond Fund.....	31	—	9,584	9,615	31	—	5,042	5,042
756	Passenger Rail Bond Fund of 1990.....	—	—	—	—	—	—	48,474	48,475
768	Earthquake Public Rehabilitation Fund.....	—	—	—	—	—	—	2,191	2,191
774	1990 School Facilities Bond Act.....	—	—	—	—	—	—	12,310	12,311
776	School Facilities November 1988 Bond Act.....	—	—	—	—	—	—	191,128	191,128
777	New Prison Construction Revenue Fund.....	—	—	65,760	65,760	—	—	10,320	10,320
781	Higher Education Capital Outlay Bond Fund.....	2	—	75,797	75,799	1	—	28,124	28,125
782	Higher Education Capital Outlay Bond Fund, 1988.....	1	—	41,097	41,098	2	—	24,323	24,325
785	Wildlife, Coastal and Park Conservation Fund, 1988.....	2	—	29,776	29,778	2	—	54,356	54,358
786	Wildlife and Natural Areas Conservation Fund.....	83,396	—	83,396	83,396	13,969	—	—	13,969
787	California Earthquake Safety and Housing Rehabilitation.....	14,672	—	14,672	14,672	916	—	—	916
788	State School Building Lease-Purchase Bond Act, 1988.....	22,827	—	—	22,827	18,847	—	—	18,847
789	Higher Education Facilities Bond Act.....	1	—	203,857	203,858	3	—	55,389	55,390
791	California Safe Drinking Water Fund.....	1,498	—	—	1,498	81,776	—	81,776	81,779
793	California Library Construction Revolving Fund.....	—	—	—	—	—	—	5,400	5,400
794	County Correctional Capital Expenditure and Youth Facilities Bond Fund of 1988.....	1	—	18,965	18,966	112	—	—	112
796	Total, Bond Funds.....	\$305,731	—	\$845,174	\$1,150,905	\$123,415	—	\$949,486	\$1,072,901
RETIREMENT FUNDS									
815	Judges' Retirement Fund.....	\$22	\$9	—	\$31	\$534	\$939	—	\$1,473
820	Legislators' Retirement Fund.....	244	60,400	—	60,644	407	64,145	—	64,552
821	Flexelect Benefit Fund.....	—	—	\$1,197	1,197	—	—	\$1,435	1,436
830	Public Employees' Retirement Fund.....	1	47,412,551	249,951	47,662,503	1	46,448,101	354,964	46,803,066

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY ¹—Continued

(Dollars in thousands)

Fund No.	Title	June 30, 1990				June 30, 1991			
		Cash	Securities	Due from Investment Fund	Totals	Cash	Securities	Due from Investment Fund	Totals
835	Teachers' Retirement Fund	60	28,608,274	248,945	28,857,279	—	31,043,893	246,804	31,290,697
	Total, Retirement Funds.....	\$327	\$76,081,234	\$500,093	\$76,581,654	\$943	\$77,557,078	\$603,203	\$78,161,224
TRUST AND AGENCY FUNDS—FEDERAL									
854	Katz School Bus Fund	—	—	\$60,742	\$60,742	\$1	—	\$48,405	\$48,406
855	Used Oil Collection Demonstration Grant.....	—	—	—	—	1,000	—	—	1,000
856	Guaranteed Return Trip Fund.....	—	—	—	—	300	—	—	300
861	Public Health Federal Fund.....	\$8,434	—	—	8,434	219	—	—	219
862	State Child Care Facilities Fund	18,244	—	—	18,244	7,368	—	—	7,368
863	State Child Care Capital Outlay Fund	5,552	—	—	5,552	1,481	—	—	1,481
864	Lake Tahoe Assistance Fund	1,923	—	—	1,923	1,079	—	—	1,079
869	Consolidated Work Program Fund	94	—	—	94	764	—	—	764
870	Unemployment Administration Fund.....	754	—	—	754	4,567	—	—	4,567
871	Unemployment Fund.....	1,113	—	—	1,113	2,216	—	—	2,216
888	State Legalization Impact Assistance Fund	2,493	—	—	2,493	23,175	—	—	23,175
890	Federal Trust Fund	173,318	—	—	173,318	163,506	—	—	163,506
893	Offshore Energy Assistance Fund	2,430	—	—	2,430	2,043	—	—	2,043
894	Local Coastal Program Improvement Fund.....	2,121	—	—	2,121	646	—	—	646
	Total, Trust and Agency Funds.....	\$216,476	—	\$60,742	\$277,218	\$208,365	—	\$48,405	\$256,770
TRUST AND AGENCY FUNDS—OTHER									
800	U.S. Olympic Committee Fund	\$212	—	—	\$212	—	—	\$2,733	\$2,733
803	State Children's Trust Fund	1	—	\$3,531	3,532	—	—	—	10
808	Computer Software Refund Fund	10	—	—	10	\$10	—	—	5,601
809	Export Finance Fund	1	—	4,630	4,631	—	—	—	5
810	County Health Facilities Financing Assistance Fund	1	—	250	251	1	—	—	6
811	Displaced Homemaker Emergency Loan Fund	1	—	811	812	—	—	—	759
812	Reader Employment Fund	207	—	—	207	241	—	—	241
813	Self-Help Housing Fund	1	—	3,159	3,160	—	—	—	1,866
816	Audit Repayment Trust Fund	1,040	—	—	1,040	1,244	—	—	1,244
817	Hazardous Substance Cleanup Financing Fund	76	—	—	76	58	—	—	58
823	California Alzheimer's Disease	1,348	—	—	1,348	981	—	—	981
824	California Export Promotion Account.....	13	—	—	13	65	—	—	65
826	Superfund Bond Trust Fund	1	—	21,625	21,626	—	—	40,542	40,543
827	Milk Producers Security Trust Fund	1	—	11,654	11,655	1	—	17,191	17,191
828	Hazardous Waste Reduction Loan Guarantee Account.....	1	—	1,808	1,808	—	—	1,586	1,586
829	Minority Health Professionals Education Fund	1	—	979	980	1	—	393	394
831	California State Lottery Education Fund.....	1,788	—	—	1,788	1,659	—	—	1,659
832	Employees' Dependent Care and Health Care Assistance Fund.....	1	—	63	64	—	—	—	—
838	California Maritime Academy Trust Fund.....	105	—	—	105	65	—	—	65
839	California State University Lottery Education Fund	—	—	31,965	31,965	—	—	15,302	15,302
840	California Motorcycle Safety Fund	—	—	2,672	2,672	—	—	2,674	2,674
843	California Housing Trust Fund	—	—	1,026	1,026	—	—	1,183	1,183
845	Mental Health Primary Prevention Fund.....	4,721	—	—	4,721	4,976	—	—	4,976
846	Public Awards Fund	1	—	—	1	1	—	—	1
847	Asset Forfeiture Fund	—	—	1,995	1,995	—	—	1,611	1,612
848	California Healthcare Indigent Program.....	—	—	—	—	—	—	97	97
853	Petroleum Violation Escrow Account.....	2	—	143,137	143,139	2	—	107,938	107,940
856	County Medical Services Program	1	—	22,351	22,351	1	—	858	859
899	County Health Account.....	69	—	—	69	—	—	144	144
900	Local Health Capital Expenditure Account.....	1	—	3,385	3,386	1	—	3,387	3,388
901	Medically Indigent Services Account.....	2	—	945	947	—	—	327	327
904	California Health Facilities Authority Fund.....	2	—	12,090	12,092	—	—	13,809	13,809
905	California Election Campaign Fund.....	—	—	—	—	—	—	—	—
908	School Employees Fund	10	—	23,022	23,032	11	—	17,878	17,889
909	Community College Instructional Improvement Fund	1,279	—	—	1,279	1,489	—	—	1,489
910	Condemnation Deposits Fund	1	—	102,423	102,424	—	—	107,490	107,491
911	Educational Facilities Authority Fund	—	—	2,119	2,119	1	—	2,334	2,335
913	Industrial Relations Unpaid Wage Fund	200	—	—	200	200	—	—	200

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY¹—Continued
(Dollars in thousands)

Fund No.	Title	June 30, 1990				June 30, 1991			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
914	Nongovernmental Cost Funds								
914	Bay Fill Clean-Up and Abatement Fund	1	—	40	41	—	—	53	53
915	Deferred Compensation Plan Fund	—	\$21,916	102	22,018	—	\$21,768	132	21,901
916	Housing Insurance Fund	—	—	13,398	13,398	—	—	14,237	14,237
917	Inmates Welfare Fund	5	—	6,557	6,562	6	—	6,465	6,471
918	Small Business Expansion Fund	—	—	368	368	—	—	265	265
920	Litigation Deposit Fund	1	—	29,062	29,063	1	—	7,599	7,600
922	California Economic Development Grant and Loan Fund	—	—	5,233	5,234	—	—	5,171	5,172
923	Immunization Adverse Reaction Fund	—	—	—	—	23	—	—	23
924	Local Agency Investment Fund	23	—	—	23	—	—	—	—
927	Farmworker Housing Grant Fund	6,069,886	—	4,320	6,069,886	7,205,828	—	—	7,205,828
928	Forest Resources Improvement Fund	4,320	—	—	4,320	4,130	—	—	4,130
929	Housing Rehabilitation Loan Fund	1	—	12,776	12,777	—	—	12,071	12,071
930	Pollution Control Financing Authority Fund	1	—	6,707	6,708	1	—	11,020	11,021
931	Local Agency Code Enforcement and Rehabilitation Fund	8	36,671	25,662	62,341	8	26,419	39,537	65,964
935	Local Agency Indebtedness Fund	278	—	—	278	—	—	—	—
936	Homeownership Assistance Fund	1,849	—	—	1,849	1,849	—	—	1,849
938	Rental Housing Construction Incentive Fund	—	—	3,174	3,174	—	—	3,918	3,918
939	Nutrition Reserve Fund	470	—	34,879	34,880	1,089	—	33,964	33,965
940	Renewable Resources Investment Fund	280	—	—	280	1,420	—	—	1,420
941	Santa Monica Mountains Conservancy Fund	22	—	—	22	21	—	—	21
942	Special Deposit Fund	57,131	19	40,849	97,999	108	19	121,062	121,189
943	Land Bank Fund	—	—	3,354	3,354	—	—	3,713	3,713
946	Student Security Trust Fund	1	—	11	12	—	—	11	12
947	California State University and Colleges Special Project Fund	10	—	2,363	2,373	11	—	6,743	6,754
948	California State University and Colleges Trust Fund	25	—	24,738	24,749	10	—	31,791	31,801
950	State Employees Contingency Reserve Fund	21	1,345	—	1,370	353	865	—	1,218
951	State Guaranteed Loan Reserve Fund	21	—	143,825	143,846	21	—	129,872	129,893
952	State Park Contingent Fund	1	—	885	886	—	—	1,173	1,173
954	Student Loan Authority Fund	1	—	7,408	7,409	—	—	8,000	8,001
955	State Instructional Materials Fund	16,460	—	—	16,460	135	—	—	135
956	State School Site Utilization Fund	11,864	—	—	11,864	13,538	—	—	13,538
959	Foster Parent Training Fund	27	—	—	27	370	—	—	370
960	Student Tuition Recovery Fund	—	—	1,623	1,623	—	—	791	791
961	State School Deferred Maintenance Fund	703	—	—	703	—	—	—	—
962	Volunteer Firefighters Length of Service Award Fund	—	673	—	673	—	761	—	761
963	Teacher Tax Shelter Annuity Fund	20	21,527	—	21,547	3	24,870	—	24,873
964	Mediterranean Fruit Fly Claim	3,535	—	—	3,535	—	—	—	—
965	Timber Tax Fund	1	—	98	99	—	—	7	7
970	Unclaimed Property Fund	12,537	—	—	12,537	—	—	—	—
972	Mobilehome Recovery Fund	1	220	1,682	1,683	74,048	220	1,716	74,268
973	Asbestos Abatement Fund	2,768	—	—	2,768	—	—	—	1,716
974	Child Care Fund	191	—	—	191	134	—	—	134
977	Resident-Run Housing Revolving Fund	—	—	—	—	—	—	—	—
980	Urban Redevelopment Loan Fund	1	—	1,722	1,723	1	—	141	142
981	California State World Trade Commission Fund	146	—	—	146	205	—	2,306	2,307
982	California Urban Waterfront Area Resource Financing Authority	—	—	—	—	—	—	—	205
983	California Seniors Fund	1	—	87	88	—	—	77	77
984	Rural Community Facility Grant	107	—	528	528	—	—	487	488
985	Emergency Housing and Assistance Fund	—	—	6,548	6,548	53	—	—	53
	Total, Trust and Agency Funds—Other	\$6,193,738	\$82,371	\$769,387	\$7,045,496	\$7,314,385	\$74,922	\$791,145	\$8,180,452
	TOTALS, NONGOVERNMENTAL COST FUNDS	\$16,657,249	\$82,642,003	\$7,181,954	\$106,481,206	\$17,859,025	\$84,378,776	\$7,388,614	\$109,626,415
	GOVERNMENTAL COST FUNDS								
	General Fund	—	—	—	—	—	—	—	—
	Special Funds	\$1,122,044	\$2,036	\$1,711,284	\$2,835,364	\$469,582	\$2,036	\$1,682,275	\$2,153,893
	OTHER BALANCES								
	Agency Bank Accounts	\$903,913	—	—	\$903,913	\$132,950	—	—	\$132,950
	Uncleared Collections	4,481	—	—	4,481	3,996	—	—	3,996

Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY¹—Continued
(Dollars in thousands)

Fund No.	Title	June 30, 1990				June 30, 1991			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
	<i>Nongovernmental Cost Funds</i>								
	Outstanding Warrants	637,889	—	—	637,889	840,985	—	—	840,985
	Fiscal Agents	67,997	—	—	67,997	44,058	—	—	44,058
	Pooled Money Investment Account	15,431,066	\$15,431,066	—	—	16,141,906	\$16,141,906	—	—
	Time Deposits in Banks	504,700	504,700	—	—	52,500	52,500	—	—
	TOTALS, ALL FUNDS	\$3,457,807	\$98,579,805	\$8,893,238	\$110,930,850	\$3,156,190	\$100,575,218	\$9,070,889	\$112,802,297

¹ Only includes funds with balances.

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF OCTOBER 18, 1991
GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State Instrumentalities
that are not general obligations of the State of California)

GENERAL FUND BONDS

	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Outstanding *</i>	<i>Redemptions *</i>
BUSINESS, TRANSPORTATION AND HOUSING					
788 California Earthquake Safety and Housing Rehabilitation Bond Act of 1988.....	1990-2010	\$150,000	-	\$150,000	-
513 First-Time Homebuyers Bond Act of 1982.....	1988-1999	200,000	\$185,000	3,750	\$11,250
714 Housing and Homeless Bond Act of 1988.....	1990-2001	300,000	23,000	277,000	-
714 Housing and Homeless Bond Act of 1990.....	1991-2001	150,000	25,000	125,000	-
703 Clean Air and Transportation Improvement Bond Act of 1990.....	1991-2011	1,990,000	1,940,300	49,700	-
756 Passenger Rail and Clean Air Bond Act of 1990.....	1991-2011	1,000,000	847,900	152,100	-
Total, Business, Transportation and Housing.....		\$3,790,000	\$3,021,200	\$757,550	\$11,250
NATURAL RESOURCES					
722 California Park and Recreational Facilities Act of 1984.....	1985-2011	\$370,000	\$52,000	\$280,900	\$37,100
721 California Parklands Act of 1980.....	1982-2011	285,000	12,000	155,300	117,700
707 California Safe Drinking Water Bond Law of 1976.....	1981-2011	175,000	10,000	112,000	53,000
707 California Safe Drinking Water Bond Law of 1984.....	1986-2011	75,000	6,000	62,050	6,950
707 California Safe Drinking Water Bond Law of 1986.....	1991-2011	100,000	73,000	26,550	450
793 California Safe Drinking Water Bond Law of 1988.....	1991-2011	75,000	64,000	11,000	-
786 California Wildlife, Coastal, and Park Land Conservation Act of 1988.....	1990-2011	776,000	438,000	329,250	8,750
737 Clean Water and Water Conservation Bond Law of 1978.....	1981-2011	375,000	15,000	204,800	155,200
764 Clean Water and Water Reclamation Bond Law of 1988.....	1991-2011	65,000	58,000	7,000	-
716 Community Parklands Act of 1986.....	1990-2011	100,000	17,000	80,600	2,400
748 Fish and Wildlife Habitat Enhancement Act of 1984.....	1986-2011	85,000	19,000	55,500	10,500
720 Lake Tahoe Acquisitions Bond Act.....	1986-2011	85,000	25,000	51,350	8,650
728 Recreation and Fish and Wildlife Enhancement Bond Act of 1970.....	1972-1995	60,000	-	6,500	53,500
733 State Beach, Park, Recreational and Historical Facilities Bond Act.....	1967-2003	400,000	-	84,575	315,425
742 State, Urban and Coastal Park Bond Act of 1976.....	1978-2010	280,000	14,000	113,475	152,525
744 Water Conservation and Water Quality Bond Law of 1986.....	1993-2011	150,000	103,000	47,000	-
790 Water Conservation Bond Law of 1988.....	1991-2011	60,000	59,000	1,000	-
Total, Natural Resources.....		\$3,516,000	\$965,000	\$1,628,850	\$922,150
ENVIRONMENTAL QUALITY					
734 Clean Water Bond Law of 1970.....	1972-2011	\$250,000	-	\$42,000	\$208,000
734 Clean Water Bond Law of 1974.....	1978-2011	250,000	-	110,550	139,450
740 Clean Water Bond Law of 1984.....	1986-2011	325,000	\$160,000	152,100	12,900
Total, Environmental Quality.....		\$825,000	\$160,000	\$304,650	\$360,350
HEALTH AND WELFARE					
740 Hazardous Substance Cleanup Bond Act of 1984.....	1986-2005	\$100,000	-	\$87,000	\$13,000
729 Senior Center Bond Act of 1984.....	1986-2006	50,000	-	37,250	12,750
Total, Health and Welfare.....		\$150,000	-	\$124,250	\$25,750
YOUTH AND ADULT CORRECTIONAL					
796 County Correctional Facility Capital Expenditure and Youth Facility Bond Act of 1988.....	1991-2011	\$500,000	\$337,000	\$162,350	\$650
711 County Correctional Facility Capital Expenditure Bond Act of 1986.....	1989-2011	495,000	210,000	273,150	11,850
725 County Jail Capital Expenditure Bond Act of 1981.....	1984-2011	280,000	-	220,525	59,475
727 County Jail Capital Expenditure Bond Act of 1984.....	1986-2009	250,000	-	197,250	52,750
723 New Prison Construction Bond Act of 1981.....	1983-2006	495,000	-	323,750	171,250
724 New Prison Construction Bond Act of 1984.....	1985-2006	300,000	-	217,500	82,500
746 New Prison Construction Bond Act of 1986.....	1989-2011	500,000	130,000	335,300	34,700
747 New Prison Construction Bond Act of 1988.....	1991-2011	817,000	133,000	673,650	10,350
751 New Prison Construction Bond Act of 1990.....	1991-2011	450,000	176,000	274,000	-
Total, Youth and Adult Correctional.....		\$4,087,000	\$986,000	\$2,677,475	\$423,525

Schedule 12

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF OCTOBER 18, 1991—Continued
GENERAL OBLIGATION BONDS—Continued

(This statement does not include bonds issued under authority of State instrumentalities
that are not general obligations of the State of California)

GENERAL FUND BONDS—Continued

EDUCATION—K-12

794	California Library Construction and Renovation Bond Act of 1988.....	1991-2011	\$75,000	\$59,000	\$16,000	—
776	1988 School Facilities Bond Act.....	1991-2011	800,000	123,000	660,750	\$16,250
774	1990 School Facilities Bond Act.....	1991-2011	800,000	351,000	436,500	12,500
789	School Facilities Bond Act of 1988.....	1990-2011	800,000	—	764,900	35,100
774	School Facilities Bond Act of 1990.....	1991-2011	800,000	565,000	235,000	—
743	State School Building Lease-Purchase Bond Law of 1982.....	1985-2005	500,000	—	298,925	201,075
743	State School Building Lease-Purchase Bond Law of 1984.....	1987-2011	450,000	—	372,500	77,500
743	State School Building Lease-Purchase Bond Law of 1986.....	1990-2011	800,000	—	746,800	53,200
	Total, Education—K-12.....		\$5,025,000	\$1,098,000	\$3,531,375	\$395,625

HIGHER EDUCATION

736	Community College Construction Bond Act of 1972.....	1974-1997	\$160,000	—	\$31,250	\$128,750
718	Health Science Facilities Construction Program Bond Act of 1971.....	1974-1998	155,900	—	42,815	113,085
782	Higher Education Facilities Bond Act of 1986.....	1989-2011	400,000	—	366,000	34,000
785	Higher Education Facilities Bond Act of 1988.....	1990-2011	600,000	\$59,000	529,550	11,450
791	Higher Education Facilities Bond Act of June 1990.....	1991-2011	450,000	190,000	260,000	—
736	Junior College Construction Bond Act of 1968.....	1970-1991	65,000	—	—	65,000
782	State Higher Education Construction Program Bond Act of 1966.....	1968-1993	230,000	—	12,000	218,000
	Total, Higher Education.....		\$2,060,900	\$249,000	\$1,241,615	\$570,285

GENERAL GOVERNMENT

736	State Construction Program Bonds.....	1959-1994	\$1,050,000	—	\$12,900	\$1,037,100
768	Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990.....	1991-2011	300,000	\$287,000	13,000	—
	Total, General Government.....		\$1,350,000	\$287,000	\$25,900	\$1,037,100
	Total, General Fund Bonds.....		\$20,803,900	\$6,766,200	\$10,291,665	\$3,746,035

PARTIALLY SELF-LIQUIDATING BONDS ¹

State School Building Aid Bonds.....	1955-2001	\$2,140,000	\$40,000	\$153,845	\$1,946,155
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SELF-LIQUIDATING BONDS ²

California Water Resources Development Bond Act of 1959.....	1973-2022	\$1,750,000	\$171,000	\$1,251,750	\$327,250
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HARBOR BONDS

Harbor Development Bond Law of 1958 ³	1964-1998	\$60,000	—	\$5,825	\$54,175
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VETERANS FARM AND HOME BUILDING BONDS

Veterans Bonds.....	1958-2019	\$6,860,000	\$639,900	\$3,301,560	\$2,918,540
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Total, Self-Liquidating Bonds.....		\$10,810,000	\$850,900	\$4,712,980	\$5,246,120
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TOTALS, ALL GENERAL OBLIGATION BONDS.....		\$31,613,900	\$7,617,100	\$15,004,645	\$8,992,155
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¹ The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

² The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

³ The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

* Dollars in thousands.

Schedule 13-A
STATE APPROPRIATIONS LIMIT
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

<i>Source Code</i>	<i>Source</i>	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
MAJOR TAXES AND LICENSES:				
110500	Cigarette Tax	\$539,117	\$512,000	\$495,000
110900	Horse Racing Fees-Licenses.....	11,801	11,579	11,620
REGULATORY TAXES AND LICENSES:				
120200	General Fish and Game Taxes.....	2,012	2,015	2,120
120300	Electrical Energy Tax.....	40,248	40,038	41,239
120600	Quarterly Public Utility Comm Fees.....	58,607	71,774	75,844
120700	Penalties on Public Utility Comm Qtrly Fees.....	284	300	300
120900	Off-Highway Vehicle Fees.....	1,345	1,400	1,400
121100	Genetic Disease Testing Fees.....	28,393	36,877	47,504
121200	Other Regulatory Taxes	56,631	55,400	53,973
121300	New Motor Vehicle Dealer License Fee	1,563	1,824	1,918
121500	General Fish and Game License Tags Permits	58,523	58,898	60,312
122400	Elevator and Boiler Inspection Fees.....	5,615	7,095	7,583
122700	Employment Agency License Fees.....	102	500	500
122900	Teacher Credential Fees.....	6,737	7,242	7,785
123000	Teacher Examination Fees	4,164	3,601	3,478
123100	Insurance Company License Fees & Penalties	25,359	26,301	29,522
123200	Insurance Company Examination Fees	10,772	18,400	19,650
123300	Other Insurance Department Fees.....	20,180	24,672	24,743
123400	Division of Real Estate Examination Fees.....	2,158	2,651	2,383
123500	Division of Real Estate License Fees.....	12,941	15,914	13,890
123600	Subdivision Filing Fees.....	3,877	3,722	4,205
123800	Building Construction Filing Fees	566	836	1,839
123900	Savings and Loan Licenses	3,353	2,194	1,853
124000	Savings and Loan Fees.....	78	50	40
124100	Domestic Corporation Fees.....	-	-	4,125
124200	Foreign Corporation Fees	-	-	1,723
124300	Notary Public License Fees	-	-	915
124400	Filing Financing Statements.....	-	-	2,030
125100	Beverage Container Redemption Fees	266,860	291,213	378,123
125300	Processing Fees.....	6,421	26,332	26,711
125400	Hazardous Waste Control Fees.....	40,514	59,369	51,431
125600	Other Regulatory Fees.....	206,333	238,343	290,777
125700	Other Regulatory Licenses and Permits.....	134,802	157,394	196,087
125800	Renewal Fees	78,769	87,171	103,424
125900	Delinquent Fees.....	1,769	4,436	4,977
REVENUE FROM LOCAL AGENCIES:				
130600	Architecture Public Building Fees	23,269	26,528	24,544
130700	Penalties on Traffic Violations	122,325	89,567	117,483
130800	Penalties on Felony Convictions	20,560	7,263	7,998
130900	Fines-Crimes of Public Offense	839	839	839
131000	Fish and Game Violation Fines	737	740	740
131100	Penalty Assessments on Fish and Game Fines	591	439	579
131200	Interest on Loans to Local Agencies.....	418	401	384
131600	Fingerprint ID Card Fees	19,796	21,638	23,226
131700	Miscellaneous Revenue from Local Agencies.....	28	640	738
SERVICES TO THE PUBLIC:				
140600	State Beach and Park Service Fees	46,981	57,850	57,850
140900	Parking Lot Revenues	4,661	6,921	7,000
141200	Sales of Documents.....	1,477	1,430	1,466
142000	General Fees—Secretary of State.....	-	-	6,332
142200	Parental Fees	2,337	2,200	2,200
142500	Miscellaneous Services to the Public	7,167	12,588	13,711
142800	California State University Fees.....	362,790	408,521	408,423
143000	Personalized License Plates.....	30,187	33,692	38,390
USE OF PROPERTY AND MONEY:				
150200	Income from Pooled Money Investments	2,582	5,806	6,038
150300	Income from Surplus Money Investments	85,925	65,158	62,642
150400	Interest Income from Loans	1,154	1,299	1,413
150600	Income from Other Investments	1,109	12	22
151200	Income from Condemnation Deposits Fund.....	20	1	1
151800	Federal Land Royalties	25,165	25,608	25,608
152200	Rentals of State Property.....	232	285	315
152300	Miscellaneous Revenue from Use of Property & Money.....	11,154	7,930	7,930
152400	School Land Royalties.....	1,398	15	15

Schedule 13-A
STATE APPROPRIATIONS LIMIT
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

<i>Source Code</i>	<i>Source</i>	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
152500	State Land Royalties.....	101,316	170,701	55,699
	MISCELLANEOUS:			
160200	Penalties and Interest on UI and DI Contribution.....	60,717	53,090	54,840
160400	Sale of Fixed Assets.....	67	43	43
160500	Sale of Confiscated Property.....	4,551	4,737	4,931
160600	Sale of State's Public Lands.....	1,524	—	—
161000	Escheat of Unclaimed Checks and Warrants	311	292	292
161400	Miscellaneous Revenue	33,882	208,155	366,385
161800	Penalties and Interest on Personal Income Tax	13,976	12,180	12,600
161900	Other Revenue—Cost Recoveries.....	334	120	180
164100	Traffic Violations.....	3,046	3,160	3,300
164300	Penalty Assessments	39,308	48,285	62,374
164400	Civil and Criminal Violation Assessment.....	3,331	3,331	3,332
—	Proposition 111 Fees.....	816,000	1,084,545	1,255,120
	TOTALS	\$3,481,159	\$4,135,551	\$4,604,007

Schedule 13-B
STATE APPROPRIATIONS LIMIT
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(In Thousands)

Revenue	1990-91		1991-92		1992-93	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Candidate Filing Fee.....	\$109	—	\$310	—	\$60	—
Civil and Criminal Violation Assessment.....	1,377	—	308	—	299	—
County Costs—Mentally Ill Patients.....	31,447	—	—	—	—	—
Domestic Corporation Fees.....	4,412	—	4,125	—	—	—
Driver's License Fees.....	—	\$85,392	—	\$100,000	—	\$112,000
Elevator and Boiler Inspection Fees.....	148	—	101	—	101	—
Employment Agency Filing Fees.....	66	—	35	—	35	—
Employment Agency License Fees.....	333	20	370	27	370	27
Escheat of Unclaimed Checks and Warrants.....	2,934	120	3,674	100	3,674	100
Explosive Permit Fees.....	4	—	5	—	5	—
Filing Financing Statements.....	2,101	—	2,030	—	—	—
Fines—Crimes of Public Offense.....	10	—	7	—	7	—
Fire Prevention and Suppression.....	114	—	200	—	200	—
Foreign Corporation Fees.....	1,824	—	1,723	—	—	—
Forestry & Fire Protect Nursery Sales.....	297	—	370	—	376	—
General Fees—Secretary of State.....	6,902	—	6,374	—	42	—
Guardianship Fees.....	20	—	20	—	20	—
Hazardous Waste Control Fees.....	—	20,449	—	36,007	—	35,461
Horse Racing Fees—Unclaimed Tickets.....	421	—	421	—	421	—
Horse Racing Fines and Penalties.....	85	—	87	—	89	—
Highway Carrier Uniform Business License Tax.....	5,309	—	5,400	—	5,400	—
Identification Card Fees.....	—	9,489	—	9,800	—	10,100
Income from Surplus Money Investments.....	—	178	—	200	—	200
Industrial Homework Fees.....	15	—	9	—	9	—
Interest Income from Loans.....	—	33	—	33	—	33
Interest on Loans to Local Agencies.....	—	939	—	1,000	—	1,000
Liquor License Fees.....	33,299	—	29,663	—	31,827	—
Medicare Receipts from Fed Govt (Abol 7/1/87).....	10,976	—	10,500	—	10,500	—
Miscellaneous Revenue from Use of Property and Money.....	4,461	23,417	6,922	35,504	7,176	39,183
Miscellaneous Revenue.....	4,055	8,765	2,609	8,563	2,567	12,160
Miscellaneous Revenue from Local Agencies.....	739	3,291	808	3,291	818	3,291
Miscellaneous Services to the Public.....	10,277	70,255	8,308	74,500	20,345	78,600
Narcotic Fines.....	2,345	—	2,200	—	2,200	—
Notary Public License Fees.....	942	—	915	—	—	—
Off-Highway Vehicle Fees.....	—	2,310	—	2,400	—	2,500
Oil and Gas Lease—1% Revenue City/County.....	239	—	215	—	200	—
Open Space Cancellation Fee Deferred Taxes.....	3,404	1,110	5,250	1,110	5,250	1,110
Other Motor Vehicle Fees.....	—	766	—	768	—	768
Other Regulatory Fees.....	4,569	2,384	6,055	2,602	5,864	2,636
Other Regulatory Licenses and Permits.....	46,373	11,063	52,926	15,800	41,605	15,300
Other Regulatory Taxes.....	9,232	13,270	9,112	—	9,271	—
Other Revenues—Cost Recoveries.....	—	1,905	—	1,800	—	2,000
Parking Lot Revenues.....	724	—	724	—	724	—
Parking Violations.....	1	—	1	—	1	—
Pay Patients Board Charges.....	29,945	—	29,000	—	28,500	—
Penalty Assessments.....	6,110	4,071	6,702	2,500	6,731	1,900
Proceeds from Estates of Deceased Person.....	1,634	—	2,620	—	2,620	—
Receipts from Health Care Dep Fd (Abol 7/83).....	16,395	—	37,858	—	37,858	—
Rentals of State Property.....	4,884	40,578	5,273	38,616	4,853	45,682
Retail Sales and Use Taxes.....	—	536,333	—	126,839	—	146,100
Revenue-Abandoned Property.....	254,204	—	150,000	—	95,000	—
Sale of Confiscated Property.....	5	—	3	—	3	—
Sale of Fixed Assets.....	1,649	—	1,885	—	1,411	—
Sale of State's Public Lands.....	125	—	2	—	2	—
Sales of Documents.....	442	634	304	720	306	765
School Land Royalties.....	—	—	1,200	—	46,200	—
State Land Royalties.....	68,487	—	91,176	—	10,682	—
Uninsured Motorist Fees.....	4,693	—	700	—	—	—
Universal Telephone Service Tax.....	14	—	—	—	—	—
Waters—Edge Election Fee.....	—	37,100	—	34,400	—	34,400
Revenue Anticipation Note Interest.....	215,310	—	220,000	—	220,000	—
TOTALS.....	\$793,461	\$873,872	\$708,500	\$496,580	\$603,622	\$545,316

Schedule 13-C
STATE APPROPRIATIONS LIMIT
TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS
(In Thousands)

	<i>Actual</i> <i>1990-91</i>		<i>Estimated</i> <i>1991-92</i>		<i>Estimated</i> <i>1992-93</i>	
	<i>General</i> <i>Fund</i>	<i>Special</i> <i>Fund</i>	<i>General</i> <i>Fund</i>	<i>Special</i> <i>Fund</i>	<i>General</i> <i>Fund</i>	<i>Special</i> <i>Fund</i>
Transfers per Control Section 14.00, Budget Act of 1991.....	-	-	\$71,868	-	-	-
Energy Resources Surcharge Fund to Energy Resources Programs Account (Revenue and Taxation Code Section 40031)	-	\$39,332	-	\$40,203	-	\$41,087
Satellite Wagering Account to General Fund (Item 8570-015- 192, Budget Act of 1991)	-	-	5,000	-	-	-
Garment Manufacturers' Special Account to General Fund (Labor Code Section 2682)	\$159	-	100	-	\$50	-
TOTALS	\$159	\$39,332	\$76,968	\$40,203	\$50	\$41,087

Schedule 13-D
STATE APPROPRIATIONS LIMIT
EXCLUDED APPROPRIATIONS
(In Millions)

<i>Budget</i>	<i>Fund</i>	<i>Actual 1990-91</i>	<i>Estimated 1991-92</i>	<i>Estimated 1992-93</i>
DEBT SERVICE:				
Bond Interest and Redemption:				
(9600-510-001)	General	\$872	\$1,188	\$1,501
(9590-501-001)	General	37	13	13
Ch. 376/84 Toxics:				
(4260-501-455)	Hazardous Substance Account	5	5	5
Transportation/Motor Vehicle Account	Special	13	13	13
Lease-Revenue Notes/Bonds	General	—	220	222
Transportation/Local Assistance				
(2660-101-042)	Special	33	35	35
Total Debt Service		<u>\$960</u>	<u>\$1,474</u>	<u>\$1,789</u>
SUBVENTIONS:				
K-12 Apportionments:				
(6100-171-001)	General	\$9,806	\$10,425	\$10,639
County Offices:				
(6100-106-001)	General	140	124	122
Community Colleges:				
(6870-101-001)	General	1,556	1,529	1,697
Subventions—Education		<u>\$11,502</u>	<u>\$12,078</u>	<u>\$12,458</u>
State-Local Realignment:				
ULF Account	Special	—	\$712	\$712
ULF Growth Account	Special	—	—	44
Tax Relief:				
(9100-101-001)	General	\$378	382	388
Renter's Credit	General	297	255	—
Local Government Financing:				
(9210-103-001)	General	—	10	5
(9210-603-001)	General	28	20	—
Shared Revenues:				
(9425-636-451)	Mobilehome License Fee	13	12	12
(9430-640-064)	Motor Vehicle License Fee	2,183	2,129	2,205
(9440-645-086)	Cigarette Tax	55	20	—
Subventions—Other		<u>\$2,954</u>	<u>\$3,540</u>	<u>\$3,366</u>
MANDATES:				
K-12 Desegregation:				
(6100-114-001)	General	\$425	\$429	\$429
(6110-115-001)	General	46	48	48
K-12 Medicare	General	45	45	45
Contribution to STRS:				
(6300-602-001)	General	—	367	515
Community Colleges Medicare	General	5	5	5
Various Health and Welfare Federal Mandates	General	862	937	1,144
Total Mandates		<u>\$1,383</u>	<u>\$1,831</u>	<u>\$2,186</u>
TOTAL EXCLUSION:		<u>\$16,799</u>	<u>\$18,923</u>	<u>\$19,799</u>
<i>General Fund</i>		<i>14,497</i>	<i>15,997</i>	<i>16,773</i>
<i>Special Funds</i>		<i>2,302</i>	<i>2,926</i>	<i>3,026</i>

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